STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

FORM 3

AMENDED REPORT ☐
(highlight changes)

APPLICATION FOR PERMIT TO DRILL

5. MINERAL LEASE NO: U75088	6. SURFACE: Federal
7. IF INDIAN, ALLOTTEE OR TRIBE NAME: N/A	
8. UNIT or CA AGREEMENT NAME: N/A	
9. WELL NAME and NUMBER: Federal 15-7-10-18	
10. FIELD AND POOL, OR WILDCAT: Uteland Butte	
11. QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: SWSE 7 10S 18E	
12. COUNTY: Uintah	13. STATE: UTAH

1A. TYPE OF WORK: DRILL ☑ REENTER ☐ DEEPEN ☐

B. TYPE OF WELL: OIL ☑ GAS ☐ OTHER _____ SINGLE ZONE ☐ MULTIPLE ZONE ☒

2. NAME OF OPERATOR: Pendragon Energy Partners, Inc.

3. ADDRESS OF OPERATOR: 621 17th Street, #750 CITY Denver STATE CO ZIP 80293 PHONE NUMBER: (303) 296-9402

4. LOCATION OF WELL (FOOTAGES)
AT SURFACE: ~~835' FSL~~ 1897' FEL, Sec 7 591162X 39.953455
AT PROPOSED PRODUCING ZONE: same 4422926Y -109.932790

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE: See Topo Map "A" (Attached)

15. DISTANCE TO NEAREST PROPERTY OR LEASE LINE (FEET): 835'	16. NUMBER OF ACRES IN LEASE: ~~640~~ 360	17. NUMBER OF ACRES ASSIGNED TO THIS WELL: 40
18. DISTANCE TO NEAREST WELL (DRILLING, COMPLETED, OR APPLIED FOR) ON THIS LEASE (FEET)	19. PROPOSED DEPTH: 5,000	20. BOND DESCRIPTION: RLB0001759
21. ELEVATIONS (SHOW WHETHER DF, RT, GR, ETC.): 5314.3 GR	22. APPROXIMATE DATE WORK WILL START: 3/15/2007	23. ESTIMATED DURATION: 60 days

24. **PROPOSED CASING AND CEMENTING PROGRAM**

SIZE OF HOLE	CASING SIZE, GRADE, AND WEIGHT PER FOOT	SETTING DEPTH	CEMENT TYPE, QUANTITY, YIELD, AND SLURRY WEIGHT
17.5"	16" steel conductor	60'	
12.25"	8 5/8" 24# J55 STC	250'	200 sx Class G + 2% CaCl.
7.875"	5 1/2" 15.5# J55 STC	4800'	125 sx Prem + 16% Gel yield 3.54 / 11 ppg + 215 sx 50/50 poz mix + 2% Gel, 14.35 ppg, yield 1.24.

25. **ATTACHMENTS**

VERIFY THE FOLLOWING ARE ATTACHED IN ACCORDANCE WITH THE UTAH OIL AND GAS CONSERVATION GENERAL RULES:

☑ WELL PLAT OR MAP PREPARED BY LICENSED SURVEYOR OR ENGINEER
☑ COMPLETE DRILLING PLAN
☑ EVIDENCE OF DIVISION OF WATER RIGHTS APPROVAL FOR USE OF WATER
☐ FORM 5, IF OPERATOR IS PERSON OR COMPANY OTHER THAN THE LEASE OWNER

NAME (PLEASE PRINT) James P Rooney Jr TITLE President

SIGNATURE _____ DATE 11/2/06

(This space for State use only)

Approved by the
~~Utah Division of~~
Oil, Gas and Mining

API NUMBER ASSIGNED: 43-047-38864

Date: APPROVAL: 11-22-06

By: _____
(See Instructions on Reverse Side)

RECEIVED
NOV 13 2006
DIV. OF OIL, GAS & MINING

(11/2001)

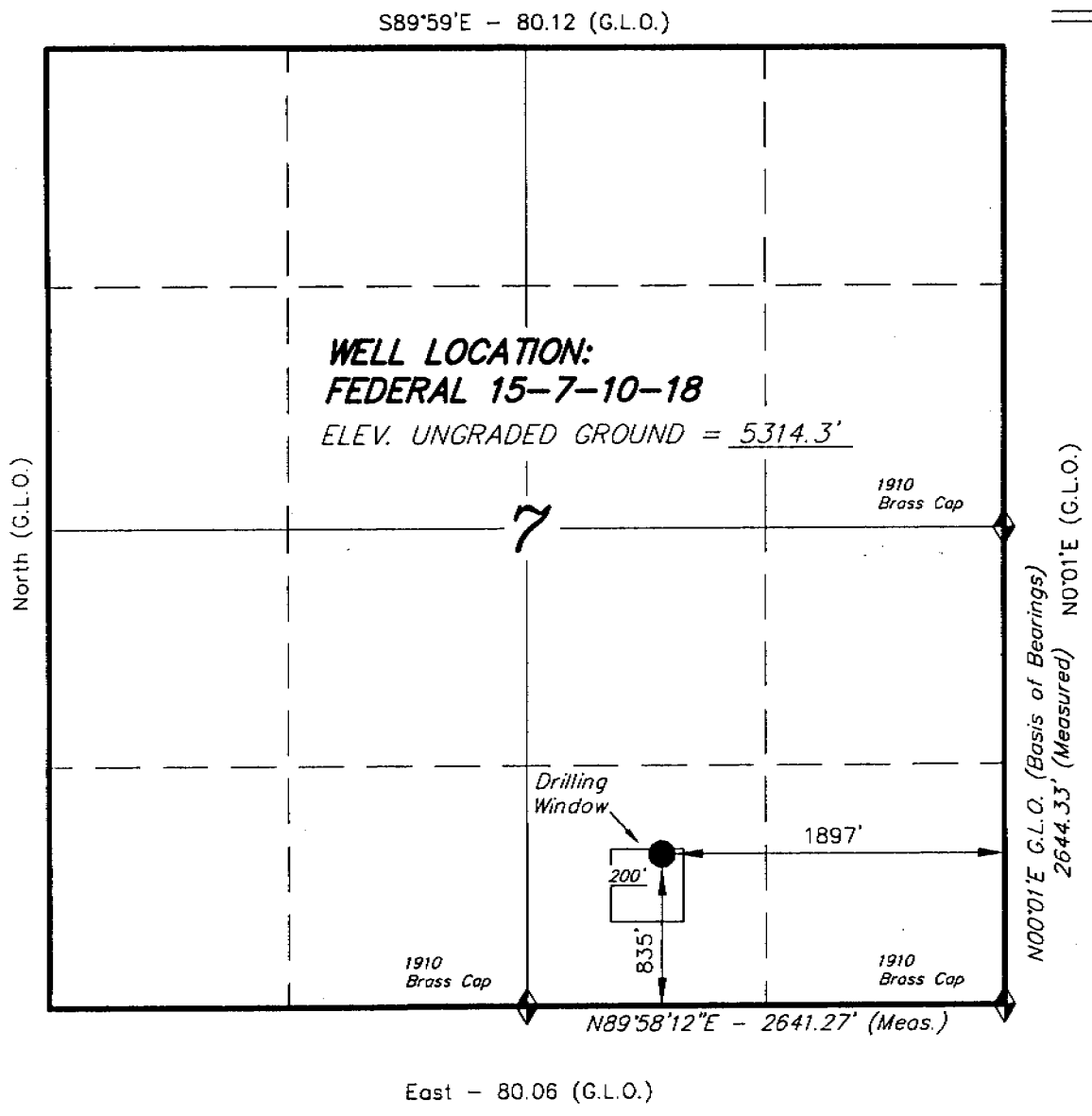
Federal Approval of this Action is Necessary

Exhibit A

T10S, R18E, S.L.B.&M.

PENDRAGON ENERGY PARTNERS, INC.

WELL LOCATION, FEDERAL 15-7-10-18, LOCATED AS SHOWN IN THE SW 1/4 SE 1/4 OF SECTION 7, T10S, R18E, S.L.B.&M. UINTAH COUNTY, UTAH.



THIS IS TO CERTIFY THAT THE ABOVE PLAT WAS PREPARED FROM FIELD NOTES OF ACTUAL SURVEYS MADE BY ME OR UNDER MY SUPERVISION AND THAT THE SAME ARE TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF. No.189377

STACY W. STEWART
REGISTERED LAND SURVEYOR
REGISTRATION No. 189377
STATE OF UTAH

REGISTERED LAND SURVEYOR STATE OF UTAH

◆ = SECTION CORNERS LOCATED

BASIS OF ELEV; U.S.G.S.
7-1/2 min QUAD (CROW KNOLL)

FEDERAL 15-7-10-18 (NAD 83)
LATITUDE = 39° 57' 12.68"
LONGITUDE = 109° 56' 00.52"

TRI STATE LAND SURVEYING & CONSULTING
180 NORTH VERNAL AVE. - VERNAL, UTAH 84078
(435) 781-2501

SCALE: 1" = 1000'	SURVEYED BY: C.M.
DATE: 7-12-05	DRAWN BY: F.T.M.
NOTES:	FILE #

Form 3160-3
(August 1999)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

RECEIVED
SEP - 6 2005
BLM VERNAL, UTAH

APPLICATION FOR PERMIT TO DRILL OR REENTER

Certification: I hereby certify that I, or persons under my direct supervision, have inspected the proposed drill-site and access route; that I am familiar with the conditions which recently exist; that the statements made in this plan are, to the best of my knowledge, true and correct; and that the work associated with the proposed operations herein will be performed by Pendragon Energy Partners, Inc., its contractors and subcontractors, Pendragon Energy Partners, Inc. will operate the lease under Flood & Peterson Federal Bond RLB0001759. This statement is subject to the provisions of 18 U.S.C. 1001 for the filing of a false statement.

FORM APPROVED
OMB No. 1004-0136
Expires November 30, 2000

5. Lease Serial No.: **U75088**

6. If Indian, Allottee or Tribe Name: **N/A**

7. If Unit or CA Agreement, Name and No.: **N/A**

8. Lease Name and Well No.: **Federal 15-7-10-18**

1a. Type of Work: [X] DRILL [ ] REENTER

1b. Type of Well: [X] Oil Well [ ] Gas Well [ ] Other [ ] Single Zone [ ] Multiple Zone

2. Name Of Operator: **Pendragon Energy Partners, Inc.**

9. API Well No.:

3a. Address: **621 17th Street, Suite 750, Denver, CO 80293**

3 b. Phone No. (include area code): **303 296 9402**

10. Field and Pool, or Exploratory: **Uteland Butte**

1. Location of Well (Report location clearly & in accordance w/State requirments*)

At Surface: **1897' FEL, 835' FSL, Sec 7**

At proposed prod zone: **Same**

11. Sec., T., R., M. or Blk. and Survey or Area: **Sec 7 T10S, R18E, SLB&M**

SW SE

14. Distance in miles and direction from nearest town or post office *: **See Topo Map "A" (Attached)**

12. County or Parish: **Uintah**

13. State: **Utah**

15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drlg. unit line, if any): **835'**

16. No. of Acres in lease: **640**

17. Spacing Unit dedicated to this well: **40**

18. Distance from proprosed location to nearest well drilling, completed, applied for in this lease, ft.:

19. Proposed Depth: ~~4,900'~~ 5000'

20. BLM/BIA Bond No. on file: **RLB0001759**

21. Elevations (Show whether D, KDB, RT, GL etc,): **5314.3' GR**

22. Approximate date work will start*: **Dec 15, 2005**

23. Estimated Duration: **60 days**

24. Attachments

The following, completed in acordance with the requirements of On shore Oil and Gas Order No.1 shall be attached to this form:

1. Well plat certified by a registered surveyor. **Uintah Engineering-attached**
2. A Drilling Plan **Exhibit "B"**
3. A Surface Use Plan (if the location is on National forest System Lands, the SUPO shall be filed with the appropriate Forest Service Office).
4. Bond to cover the operations unless covered by an existing bond on file (see item 20 above). **RLB0001759**
5. Operator certification. **See Surface Use Plan**
6. Such other site specific information and/or plans as may be required by the authorized officer. **See Exhibits (Attached)**

25. Signature: John Luchetta — Name (Printed/Typed): **John Luchetta** — Date: **Aug 20, 2005**

Title: **Agent**

Approved by (Signature): Thomas B. Mourne — Name (Printed/Typed): — Date: 05/02/2006

Title: Assistant Field Manager Mineral Resources — Office: — RECEIVED NOV 13 2006 — DIV. OF OIL, GAS & MINING

Application approval does not warrant or certify the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon. Conditions of approval, if any, are attached

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212 make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

NOTICE OF APPROVAL

* Instructions on reverse side

Exhibits:

A: Survey Plat
B: 10-Point Plan
C: BOP Diagram
D: 13 Point Surface Plan
E1: Drilling Plan
E2: Topo Map B
F: Location Layout
G: Rig & Rig Layout
H: Existing Well Map
K: Cultural Report (to follow)
K1 Facilities
K2 Facilities

CONDITIONS OF APPROVAL ATTACHED

EXHIBIT "B"
PROPOSED DRILLING PROGRAM

ONSHORE ORDER NO.1
Pendragon Energy Partners, Inc.
Desert Spring Federal #15 -7-10-18
SW SE Sec 7 -T10S - R18E SLB & M
Uintah County, Utah

OIL & GAS ORDER NO. 1 (APPROVAL OF OPERATIONS ON ONSHORE, FEDERAL AND INDIAN OIL AND GAS LEASES).

All lease and/or unit operations will be conducted in a manner so that full compliance is made with the applicable laws, regulations (CFR 43, Part 3160) and the approved Application for Permit to Drill. The operator assumes full responsibility for the actions of its contractors and subcontractors. A copy of the approved APD will be on location during construction, drilling and completion operations.

The applicant does not warrant or certify that it holds legal or equitable title to those rights in the subject lease which would entitle operations thereon to proceed.

1. ESTIMATED FORMATION TOPS : (Elevation: 5,314')

FORMATION	DRILLED (ft)	SUBSEA	PORE PRESSURE (psi/ft)
Green River	1,435	+3,879	Normal
Wasatch Tongue of Green River	4,735	+ 579	Normal
Total Depth	5,000	+ 314	Normal

* Offset pressure data supports pore pressure gradient @ 0.42 psi/ft.

2. ESTIMATED DEPTH OF OIL, GAS, WATER OR OTHER MINERALS:		
SUBSTANCE	FORMATION	DEPTH (ft)
Water	None anticipated	
Gas	None	
Oil	Green River	4,750 to +/- 4,900

3. PRESSURE CONTROL EQUIPMENT & SPECIFICATIONS :

- **Anticipated maximum surface shut-in pressure gradient:**

  . **Ps = BHP – (0.22 * 4,900) = (0.42 * 4,900) - (0.22 * 4,900) = 980 psi.**

  . **If a pressure anomaly occurs, API pressure control methods will be immediately imposed.**

  . **Drilling fluid density materials will be available on location.**

  . **Poison gas is not known to exist in the area.**

- **<u>BOP EQUIPMENT</u>: (See Exhibit "C")**

  . **Type: Nominal 10" hydraulic double ram, 2,000 psi working pressure.**

  . **Ram type preventers shall be installed after the prescribed WOC time has expired. The casing will be cut off and a weld-on companion flange fastened.**

  . **Pipe & blank rams will be used.**

  . **The BOP will be inspected, operated daily and on trips with the drill string. All tests will be recorded on the daily drilling log.**

- **<u>CHOKE MANIFOLD EQUIPMENT</u>: (See Exhibit "C")**

  . **The hydraulic closing unit will be located @ least 100' upwind from the BOP stack.**

  . **A remote BOP closing unit will be positioned near the driller's operating station.**

. Burst pressure rating – 2,000 psi.

. The choke manifold, BOP extension rods and hand wheels will be located outside the substructure.

. The kill line will be 2" nominal rated @ 2,000 psi.

- **BOP TESTING:**

. Upon installation.

. If any seal subject to pressure is broken.

. Every 30 days if drilling operations continue beyond anticipated 10 days.

. A test plug will not be used since testing can be accomplished w/o exposing surface casing to excess pressures (70% of internal yield).

4. TEST PRESSURES AND OTHER SPECIFICATIONS ANTICIPATED:

UNIT	PROPOSED TEST PRESSURE (psi)
Pipe rams	2,000
Blind rams	2,000
Manifold	2,000
Surface casing	1,500 (or .70 x rated burst)
Floor valve	2,000
Annular	2,000

. Upper & lower kelly cock will be maintained in the drill string.

. Drill string float will not be used.

. The floor valve will be available in the open position @ all times and will be operated daily.

. BLM agent will be notified at least 24 hours before all BOP tests.

. BOP & pressure control drills will be conducted.

5. PROPOSED CASING & CEMENTING PROGRAM:

PROPOSED CASING	HOLE SIZE	CASING SIZE	TOP OF SECTION (ft)	SECTION LENGTH (ft)	PHYSICAL DATA	Pressure Rating (psi) Burst	Collapse	Cement Top
Conductor	17 ½"	16"	0	60	Steel			Surface
Surface	12 ¼"	8 5/8"	0	250	24# J55 STC	2,950	2,210	Surface
Production	7 7/8"	5 ½"	0	5,000'	15.5# J55 STC	4,800	4,040	NA

Note: All casing will be new.

- CASING SPECIFICATIONS AND CONDITIONS:

. Stage cementing is not anticipated.

. The production casing will be tested @ 2,000 psi or 70% of minimum yield for a period of 30 minutes with not more than 10% drop.

. Formation Pore Pressure (from offset pressure data) -- 0.420 psi/ft.

. Formation Fracturing Gradient ---------- 0.700 psi/ft.

. Mud Density (Max lbs/gal) ---------- 9 ppg @ 5,000'.

. Collapse ---------- 1.120.

. Burst ---------- 1.000.

. Tension ---------- ---------- 1.800.

. Casing joints will be torqued according to API standards.

. Three centralizers will be placed on collars of the bottom 3 joints (Surface and Intermediate casing).

. A centralizer will be placed on each collar through production zones and every joint 300' above and below production zones (Production casing).

- CEMENTING PROGRAM:

. CONDUCTOR CASING: Cement to surface w/ ready mix.

. SURFACE CASING: Cement to surface w/150 cuft "Lite" tailed w/100 cuft premium or equivalent.

. PRODUCTION CASING: Will be cemented from TD to 600' above the water sand @ approximately 3,500' (or as indicated by logs). Volume of cement will be determined from caliper log.

6. PROPOSED DRILLING FLUID SPECIFICATIONS:					
DEPTH INTERVAL	TYPE	DENSITY Lbs/gal	VISCOSITY	FLUID LOSS	MAKE UP WATER
0 - 250'	Gel	8.7 – 9.0	26-40	NC	Fresh
250' - TD	Gel	8.4 – 9.0	26-50	NC	KCl Water

- OTHER DRILLING FLUID SPECIFICATIONS AND CONDITIONS:

. LCM will be present on location @ all times during drilling.

. Fluids parameters to be measured daily - density, viscosity, fluid loss, pH, solids, chlorides, bicarbonate and carbonates.

. Concentration of hazardous substances in the reserve pit will not exceed standards set forth in the Comprehensive Environmental Response, Compensation and Liability Act of 1980 (CERCLA).

. Oil & gas related CERCLA hazardous waste substances will be removed from location and will be disposed of according to EPA approved methods.

7. EVALUATION OF OPERATIONS WHILE DRILLING:

- MUD MONITORING SYSTEMS (Swaco):

. Pit level indicator, flow sensor w/alarms, PVT and stroke counter will not be used.

. A trip tank will not be used.

. Gas detection equipment (mud logger) will not be used.

. A mud-gas separator will not be used.

- DRILL STEM TESTS: None anticipated.

  . If it becomes necessary to conduct a drill stem test, initial opening of the test will be restricted to daylight hours.

  . If a test is initiated during daylight hours, it will be allowed to continue assuming OSHA considerations are strictly met.

  . The DST string will not be pulled out of the hole after dark unless recovered fluids have first been reverse circulated to a suitable closed steel tank placed at least 100' down wind from the wellhead.

  . Smoking will not be allowed on the rig floor or within 100' upwind from the rig floor during test operations.

  . Only rig engines will be allowed to run during testing. All others will be moved at least 100' upwind from the rig floor.

- LOGGING PROGRAM:

  . The following open hole logs are anticipated:

  Run #1 @ TD

  (1) GR - DLL ---------- TD to base of Surface Casing.

  (2) CNL - Density – Caliper --- TD to 3,500' (Or minimum run).

  . The following cased hole logs are anticipated:

  (1) GR-CCL ---------- PBTD to 500' above the pay zone.

  (2) CBL (Cement Bond Log) ---------- PBTD to cement top.

- SAMPLING PROGRAM:

  . 250 to +/- 4,000' ---------- 30' samples will be collected.
  . 4,000' to TD ---------- 10' samples may be collected as necessary.

  CORING: Not anticipated.

8. ANTICIPATED PORE PRESSURES & HAZARDOUS MATERIALS:

- PORE PRESSURE:
  - In the surface hole – normal to subnormal pressures are anticipated.
  - In the Green River – normal to subnormal pore pressures are anticipated (0.420 psi per ft.).
- HAZARDOUS MATERIALS: None anticipated.

9. OTHER INFORMATION, NOTIFICATION & REPORTING:

OPERATION	DATE OR ANTICIPATED TIME
Proposed start time	Dec 15, 2005
Drill pad & road construction time	2 - 4 days
Drilling operations & formation evaluation	8 – 10 days
Completion & testing time	5 – 10 days
Facilities installation	5 – 10 days
Initial restoration start time	180 days or as weather permits
Final restoration time	5 - 10 days

- INFORMATION & REPORTING PLAN:
  - DRILLERS LOG:
    - BOP, manifold, casing pressure tests - as done.
    - BOP mechanical test – as done.
    - Blowout prevention drills – as done.
    - Casing installation & cementing – as done.
    - WOC time – as done.
    - Incidents of lost circulation or pressure anomalies – as occurs.
  - REGULATORY REPORTING :
    - Notification of location construction - 24 hours prior to start up.
    - Notification of spud – prior to spud and/or within 48 hours after.

- **Notification of BOP test – at least 24 hours prior to testing.**
- **P&A - the Vernal Resource Office will be contacted prior to plugging .**
- **Form 3160-4 - monthly.**
- **Form 3160-5 - within 30 days after P&A or completion of the well.**
- **Facilities diagram – as required by CFR 43 Part 3162.7-2 and 3162.7-4.**
- **Undesirable events will be reported as specified in NTL-3A. Major events will be reported verbally within 24 hours. Minor events will be reported within 15 days. Other events will be reported in the monthly report of operations.**

EXHIBIT "D"
PROPOSED SURFACE USE PROGRAM

ONSHORE ORDER NO. 1
PENDRAGON ENERGY PARTNERS, INC.
FEDERAL #15-7-10-18, SW SE Sec 7-T10S-R18E
Uintah County, Utah

- SURFACE OWNER (BLM)
- SURFACE LOCATION: (See Exhibit "A"). SW SE Sec 7-T10S-R18E.
- Distance : 24.6 miles from Myton, Utah (See Exhibits "E").
- Directions to location: South from Myton 14.1 miles to Castle Peak then 6.8 miles to Sheep Creek then 3.7 miles to Spring Wash, then left on lease road 0.28 mile.

1. EXISTING ACCESS ROADS: (See maps "A" & "B")

- All existing access roads will be maintained as is with repairs or maintenance as needed.
- No improvements or changes to existing roads are anticipated.
- Map "A" is the vicinity map showing access routes from Myton, Utah.
- Topo Map "B" shows the proposed access road to the pad.
- Occasional maintenance grading and storm repairs will keep roads in good condition.
- There shall be no mud grading on the access road. Vehicles may be towed through the mud provided they stay on the roadway.
- All road construction and maintenance will conform to standards identified in "Surface Operating Standards for Oil and Gas Exploration and Development" (Gold Book) U.S. Department of the Interior-BLM and U.S. Department of Agriculture-Forest Service; January 1989.

2. ACCESS ROADS TO BE CONSTRUCTED:

- **Road Specifications For Drilling Operations:**

  . Approximately 1,490' of new road construction will be required.

  . Width – maximum 30-feet overall right-of-way with an 18-foot running crown & ditched and/or sloped and dipped.

  . Construction standard – the access road will be constructed to standards normal to the area with anticipated traffic flow and weather requirements considered. Ditching, crowning, capping, sloping, and dipping will be done to provide a safe roadway.

  . Off-road travel of the 30 foot right-of-way will not be allowed.

  . Road drainage crossings – will be designed so they will not cause siltation or the accumulation of debris. Erosion will be prevented by properly designed cutouts.

  . Upgrading – will not be allowed during muddy conditions. Mud holes will be repaired as they occur.

  . Maximum grade – will be less than 8%.

  . Drainage design – as stated above.

  . Turnouts – none anticipated.

  . Culverts – none anticipated.

  . Surface materials – any materials if required will be purchased from a local supplier having a permitted source.

  . Gates, cattle guards or fence cuts – none required.

  . The proposed access road has been centerline flagged.

. Dust will be controlled on the roads and location by periodic watering.

. A road design plan will be submitted upon completion for production.

3. EXISTING WELLS WITHIN 1 MILE:

- Locations ---------- None
- Water wells ---------- None.
- Disposal wells ---------- None.
- Drilling ---------- None.
- Producing wells ---------- (2) Questar 1G7-10-18 & 14G8-10-18.
- Injection ---------- None.
- Dry holes ---------- None.
- Gas Wells ---------- One (#24-7).

LOCATION OF EXISTING PRODUCTION FACILITIES (Within One Mile).

- Existing Facilities: (See Exhibits)

  . Tank batteries ---------- None .

  . Production facilities ---------- None.

  . Gathering lines ---------- None.

  . Injection or disposal lines ---------- None.

- **Proposed new facilities to be installed:**

  . **A facilities diagram will be provided in the event oil production is established and will outline the following:**

    a. **Proposed location and attendant lines – will be flagged if off the well pad.**

    b. **Dimensions of the layout.**

    c. **Construction methods and materials.**

    d. **Protective measures and devices to protect livestock and wildlife.**

    e. **Pipelines – will be buried a minimum of 3-feet except at road crossings which will be buried 4-feet.**

    f. **Road and pipeline will be restricted to 50-feet of disturbance. Vehicular travel will be restricted to that necessary to service drips and the need to use valves.**

    g. **Only native materials will be used. If necessary appropriate materials will be purchased from private or commercial sources.**

    h. **A dike to contain the volume of the largest tank + 10% will be constructed around the facility.**

    i. **All above ground facilities will be painted a flat non-reflective, earthtone color (Carlsbad Canyon – 2.5Y 6/2) as determine by the Five State Rocky Mountain Interagency Committee within six months of installation except where OSHA regulations require safety approved colors.**

4. LOCATION OF WATER SUPPLY TYPE & OWNERSHIP:

Owner: Water source: Spring. Nebeker Trucking. Permit #43-1721.

Location: Sec 34 T3S-R2W, USM.

Method of transportation: Trucking operated by Nebeker Trucking, Permit No. 43-1723.

6. SOURCE OF CONSTRUCTION MATERIALS:

- No construction materials are anticipated for drilling operations.
- If commercial production is indicated small amounts of gravel materials will be trucked from local gravel pits over existing roads.
- No materials from Indian or federal lands will be disturbed.

7. METHODS FOR HANDLING WASTE DISPOSAL:

- Drilling fluids – including salts and chemicals will be contained in the reserve pit. Upon termination of drilling and completion operations, liquid contents of the reserve pit will be removed and disposed of in an approved disposal facility within 90 days. In the event adverse weather conditions prevent removal of the fluids from the reserve pit within this time period, an extension may be granted by the Authorized Officer upon receipt of a written request.
- The reserve pit will be constructed to prevent any discharge to the surroundings or underlying formations. If necessary the pit will be lined with a 12 mil plastic liner.
- Produced fluids:

  . Liquid hydrocarbon produced during completion operations will be placed in test tanks on location and transferred to the production facility when it is ready for use. After completion and testing operations are complete production will be routed through buried pipelines to be processed in the newly constructed facility

  . Waste water produced into a test tank or the reserve pit during completion and testing operations will be removed to an approved disposal facility within 90 days. In accordance with Onshore Order #7, an application for a permanent disposal method and site will be submitted for the Authorized Officer's approval.

  . Spills of oil, gas, salt water or other noxious fluids will be immediately removed to an approved disposal site.

- Used motor oil will be stored in closed containers and disposed of at an authorized disposal site.

- Trash pit will be constructed and totally enclosed with fine mesh wire to prevent scatter. No trash will be directed to the reserve pit. The contents of the pit will be disposed of in a WDEQ approved sanitary landfill.

- Test tanks will be moved in if such becomes necessary for an impending drill stem test or during completion testing.

- Steel drilling fluids tanks will be part of rotary drilling equipment (approximately 1,000 bbl capacity).

- Flare pit will be located a minimum of 120' down wind from the well bore if needed.

- Human wastes will be contained in portable chemical toilets. Upon completion of operations, the holding tanks will be removed by the sanitation contractor. Disposal will be in conformance with Utah Department of Environmental Quality (UDEQ).

- Drill cuttings will be transferred over shale shaker equipment to the reserve pit. After drilling and completion operations are completed, excess liquids will be removed to disposal and drill cuttings will be buried in the reserve pit per approved pit restoration procedures.

- Garbage and trash collected in the trash pit during restoration proceedings will be removed to an approved disposal facility.

- Sewage collection units installed prior to drilling start up will be serviced daily.

- Hazardous materials the operator will comply with all applicable Federal laws and regulations existing or hereafter enacted. EPA's consolidated list of chemicals is subject to reporting under Title III of the Superfund amendments and Re-authorization Act (SARA) of 1986, as identified (EPA's list of extremely hazardous substances as defined in 40 CFR 355, as amended). Substances that may be used in the project are as follows:

USE	CHEMICAL	CAT (2)	EHC (3)
Stimulation	Acid	None	None
Mud	AlSi	None	None
Mud	BaSo4	None	None
Mud	CaOH	None	None
Increase vis	HMW add	None	None
Cement	Insol Ca Salt	None	None
Mud	Caustic	None	None
Mud/Cement	None	None	None
Mud/Cement	None	None	None
Mud/Cement	None	None	None
Set casing	Lime	None	None
Thinner	None	None	None
Mud	None	None	None
Fuel	Benzene	RCRA	None
Mud	None	None	None
None	None	None	None
Mud/Cement	None	None	None
Mud	None	None	None
Mud	None	Fiber	None
Mud	Ca	None	None
Mud (LCM)	Fiber	None	None
Lubricant	Zinc	None	None
Fuel	None	None	None
None	None	None	None
Maintenance	Lead	Fine Min	None
Mud	None	None	None
Mud (LCM)	Fiber	None	None

8. ANCILLARY FACILITIES:

- Airstrips: None
- Camp: Two portable units will be on location:

    1. Toolpusher's living quarters.
    2. Company supervisor's living quarters.

9. WELL SITE LAYOUT: (See Exhibit "G")

- **Location orientation:**

  . **Top soil: Approximately 6 inches will be stripped from the surface including areas of cut and fill. Topsoil and subsoil will be stockpiled for future reclamation requirements. The stockpiles will be seeded as required by the BLM.**

  . **Location Size: 170' x 275'.**

  . **Reserve pit size: 60' x 90' x 8'.**

  . **Pit liner – 12 mil plastic if needed.**

  . **Pit fencing: Three sides will be fenced prior to drilling . The fourth side will be fenced after drilling equipment is removed from the well site. Fencing materials will consist of 39-inch wire with at least one strand of barbed wire on top of the net wire placed no more than 3-inches above the net wire. The net wire will be no more than 3-inches above the ground. Corner posts will be cemented and braced to impose a tight fence. Standard steel, wood or pipe posts will be placed on 16' centers. All wire will be stretched with a stretching devise.**

- **Rig layout: (See Exhibit "G").**

  . **There may be two temporary living quarters on location during drilling operations. These will be occupied by the rig superintendent and company representatives.**

- **Production facilities:**

  . **A diagram showing proposed production facilities will be submitted to the Authorized Officer via Sundry Notice (Form 3160-5) after completion and testing is finished.**

10. PLANS FOR RECLAMATION OF THE SURFACE:

- **Due to drilling and completion:**

. **The rat hole and mouse hole will be filled and compacted from bottom to top immediately upon release of the drilling rig.**

. Floating hydrocarbons etc will be removed as soon as possible after drilling operations are complete in accordance with 43 CFR 3162.7-1.

. Drill cuttings and mud will remain in the reserve pit until dry. The reserve pit will not be "squeezed", "crowded" or "cut". When the reserve pit is reclaimed, at least three feet of earth will be placed on top of the drilling fluids and cuttings.

. If the reserve pit does not dry within the prescribed time, alternate methods will be investigated.

- Dry hole (Commercial production not established):

. A Notice of Intent to Abandon will be filed . Final recommendations for surface reclamation will be specified by the BLM.

. The drill site will be restored to its original condition.

. The well-bore will be P&A'd according to the approved program.

. An approved marker will be positioned as directed.

. Spoil will be replaced to original conditions.

. Top soil will be replaced and smoothed.

. If necessary, water bars will be constructed according to BLM Conditions of Approval.

. All disturbed surface under the jurisdiction of the BLM will be seeded using the following mixtures:

SPECIES OF SEED	VARIETY	LBS/ACRE PLS
Western wheat grass		4
Green needle grass		4
Stream ban wheat grass		3
Blue bunch wheat grass		3
Oats		1
PLS formula	% germination * % purity	x 100%

- **Seeding Procedure:**

. **The BLM designated Authorizing Officer will be notified prior to seeding operations.**

. **The seed will be applied with a regulator equipped drill.**

. **Planting depth shall not exceed ½ ".**

. **If possible, seeding will be done in the months of September or October, providing all preliminary work is done by that time.**

. **Where drilling is not possible, the seed will be broadcast and the area raked or chained to cover the seed.**

. **Seeding will be repeated until a satisfactory stand, as determined by the BLM Authorized Officer, is established.**

. **Where seed is broadcast, the mixture will be doubled.**

. **There will be no primary or secondary noxious weeds in the mix.**

. **Seed will be tested for purity and germination. Viability testing of seed will be done in accordance to state law 9 months prior to purchase or sooner.**

. **Commercial seed will be certified.**

. **The seed mixture container will be tagged in accordance with Utah state law. Copies of seed test results and certification will be forwarded to the BLM.**

. **Weeds will be controlled on disturbed areas within the exterior limits of the permit.**

- **In the event production is established:**

. **Those areas not required for production will be re-contoured and the cut and fill slopes will be reduced to 4:1, if applicable.**

. **Topsoil will be distributed evenly and seeded as above.**

. **All topsoil stockpiles will be seeded with annual ryegrass.**

- If a plastic or nylon reinforced pit liner is used, it will be torn and perforated before backfilling of the reserve pit.

- Prior to restoration of the reserve pit, it will be completely dry and all cans, barrels, pipe etc. will be removed. Other waste materials will be disposed of immediately upon completion of drilling and completion activities.

- The flare pit and that portion of the access road not needed for production facilities or operations will be reclaimed within ninety days from the date of completion.

- The access road will be upgraded and maintained as needed for production operations.

- Pesticide use:

  - The use of pesticides will comply with federal and state laws governing its proper use, storage, and disposal.

  - The use of pesticides will occur within limitations imposed by the Secretary of the Interior.

- All procedures listed above for a dry hole will also be applied to a well completed for production as follows:

  - A facilities diagram and plan will be submitted for approval.

  - Flowline route will be outlined on a suitable map of the area.

  - Produced water will be temporarily disposed of in the reserve pit according to Onshore Order No 7 (90 day limit).

  - If more time is needed, an extension will be requested.

  - Sundry Notice form 3160-5 (Application for permanent disposal) will be filed if necessary.

11. SURFACE OWNERSHIP:

- Name: BLM

- Address: Vernal, Utah

12. OTHER INFORMATION:

A. General description: Utah grazing and ranch land.

B. Surface use activities: Cattle grazing and other typical ranch activity.

C. Proximity of water, occupied dwelling, archaeological or paleontological sites:

1. The majority of the numerous washes and draws in the area are of a non-perennial nature, flowing during the early spring run-off and heavy rain storms.

2. The flora of the area includes pinion and juniper trees, sagebrush, greasewood, four-wing saltbush, cheatgrass, gambel scrub oak, willow, tamarack, shadscale, indian ricegrass, wheatgrass, curly grass, crested wheatgrass, foxtail, russian thistle, kochia, and cacti.

3. Fauna includes cattle, horses, elk, deer, coyotes, rabbits, rodents, lizards, bull snakes, rattle snakes, water snakes and horned toads. Birds include ground sparrows, bluejays, bluebirds, magpies, ravens, raptors, morning doves, swallows, nighthawks, hummingbirds and chukar.

4. The nearest live water is the Green River.

5. There are no dwellings in the area.

6. An archaeological survey has been completed and mailed to the BLM under separate cover. No significant archaeological or historical cultural sites were found.

7. There are no reported restrictions or reservations noted on the oil and gas lease.

13. OPERATOR'S REPRESENTATIVES AND CERTIFICATION:

	ADDRESS	PHONE #	FAX #	HOME #
Al Nicol	621 17th Street, Suite 750 Denver, CO 80293	303 296 9402	303 296 9410	303 425 9115
John Luchetta	2020 Foothills Rd. Golden, CO 80401	303 278 3347	303 278 9506	303 278 3347

14. GOVERNMENT CONTACTS:

	ADDRESS	PHONE #	
~~Stanely R.~~ ?	170 South 500 East Vernal, Utah	435 781 4400	435 781 4410

- Certification:

I hereby certify that I, or persons under my direct supervision, have inspected the proposed drill-site and access route; that I am familiar with the conditions which presently exist; that the statements made in this plan are, to the best of my knowledge, true and correct; and that the work associated with the proposed operations herein will be performed by Pendragon Energy Partners, Inc. , its contractors and subcontractors. Pendragon Energy Partners, Inc. will operate the lease under BLM Bond No. RLB0001759 This statement is subject to the provisions of rule 18 U. S. C. 1001 for the filing of a false statement.

A complete copy of the approved Application for Permit to Drill will be furnished to the operator's field representative to ensure compliance and will be on location during all construction, drilling and completion operations.

Please be advised that Pendragon Energy Partners, Inc. is considered to be the operator of Well No. 15-7-10-18 SW SE Sec 7, T10S, R18E; Lease Uteland Butte Federal ; Uintah County, Utah; and is responsible under the terms and conditions of the lease.

Aug 20, 2005

Date

Pendragon Energy Partners, Inc.
John Luchetta, Agent

CULTURAL RESOURCE INVENTORY OF PENDRAGON ENERGY PARTNERS' PROPOSED WELL LOCATION FEDERAL #15-7-10-18 in UINTAH COUNTY, UTAH

By

Kylie Lower-Eskelson
and
Keith Montgomery

CULTURAL RESOURCE INVENTORY OF PENDRAGON ENERGY PARTNERS PROPOSED WELL LOCATION FEDERAL #15-7-10-18 in UINTAH COUNTY, UTAH

By:

Kylie Lower-Eskelson
and
Keith Montgomery

Prepared For:

Bureau of Land Management
Vernal Field Office

Prepared Under Contract With:

Pendragon Energy Partners, Inc.
621 17th Street, Suite 750
Wells Fargo Building
Denver, CO 80293

Prepared By:

Montgomery Archaeological Consultants, Inc.
P.O. Box 147
Moab, Utah 84532

September 9, 2005

MOAC Report No. 05-362

United States Department of Interior (FLPMA)
Permit No. 05-UT-60122

State of Utah Antiquities Project (Survey)
Permit No. U-05-MQ-0591b

ABSTRACT

A cultural resource inventory was conducted by Montgomery Archaeological Consultants, Inc. (MOAC) on August 26, 2005 for Pendragon Energy Partners' proposed well location Federal #15-7-10-18 and associated access route. The project area is situated southwest of Myton, Uintah County, Utah. The survey was implemented at the request of Mr. Stacy Stewart, Tri-State Land Surveying, Inc, Vernal, Utah. A total of 15.6 acres was inventoried, all of which occurs on land administered by the Bureau of Land Management (Vernal Field Office), Vernal, Utah.

The inventory of Pendragon Energy Partners' proposed well location Federal #15-7-10-18 resulted in the documentation of one historic cairn (42Un5008). The cairn fails to embody distinctive characteristics of a type, period, or method of construction. The bedrock exposed near the surface implies no deposition is present, nor are there any artifacts found in conjunction with the feature. Hence, the site is recommended not eligible to the NRHP.

MANAGEMENT RECOMMENDATIONS

The inventory of Pendragon Energy Partner's proposed well location Federal #15-7-10-18 resulted in the documentation of one new site. This site is a cairn which is a common and well documented site type in this area. The site is not considered likely to add to regional history and is therefore not recommended as eligible to the NRHP and avoidance measures are not necessary. Based on the findings, a determination of "no historic properties affected" is recommended for this project pursuant to Section 106, CFR 800.

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LIST OF FIGURES

INTRODUCTION

In August 2005, a cultural resource inventory was conducted by Montgomery Archaeological Consultants, Inc. (MOAC) for Pendragon Energy Partners' proposed Well location Federal #15-7-10-18. The project area is situated southwest of Myton, Uintah County, Utah. The survey was implemented at the request of Mr. Stacy Stewart, Tri-State Land Surveying, Inc, Vernal, Utah. A total of 15.6 acres was inventoried, all of which occurs on land administered by the Bureau of Land Management (Vernal Field Office), Vernal, Utah.

The objective of the inventory was to locate, document, and evaluate any cultural resources within the project area in accordance with Section 106 of 36 CFR 800, the National Historic Preservation Act of 1966 (as amended). Also, the inventory was implemented to attain compliance with a number of federal and state mandates, including the National Environmental and Historic Preservation Act of 1969, the Archaeological and Historic Conservation Act of 1972, the Archaeological Resources Protection Act of 1979, and the American Indian Religious Freedom Act of 1978.

The fieldwork was performed by Kylie Lower-Eskelson under the direction of Keith Montgomery (Principle Investigator) on August 26, 2005 under the auspices of U.S.D.I. (FLPMA) Permit No. 05-UT-60122 and State of Utah Antiquities Project (Survey) No. U-05-MQ-0591b.

A file search for previous projects and documented cultural resources was conducted by the Keith Montgomery at the BLM Vernal Field Office on August 25, 2005. A second in-house file search was conducted by Kylie Lower-Eskelson on September 8 at the office of Montgomery Archaeological Consultants, Inc., Moab, Utah. These consultations indicated that several cultural resource inventories have been conducted in the area.

A cultural resource inventory for the State #11-16-10-18 well location was performed by MOAC in 2002 resulting in no cultural resources (Montgomery 2002).

In 2000, An Independent Archaeologist inspected Dominion Explorations' River Bend Unit #11-100 location; no cultural resources were located (Truesdale 2000).

Archeological-Environmental Research Corporation (AERC) completed a cultural resource evaluation of six proposed well locations for Dominion Exploration in 2000, locating no new cultural resources (Hauck 2000).

In 2001, MOAC completed an Inventory for one Pendragon Energy well location finding one isolated find, a match stick filler milk can (Kinnear-Ferris 2001).

In 2004, MOAC conducted a cultural research inventory of a proposed pipeline for Pendragon Energy Partners in the area resulting in the location of no cultural resources (Bond 2004).

In summary, no archaeological sites have been documented in the immediate project area.

DESCRIPTION OF PROJECT AREA

The inventory area is located just south of Fourmile Wash in the Little Desert area of the Uinta Basin. The well location is situated in the SW/SE of Sec. 7 with an associated assess corridor of 1555 ft. The legal description is Township 10S, Range 18E, Section 7 (Figure 1).

Environmental Setting

The project area lies between Eightmile Flat and Little Desert areas within the Uinta Basin section of the Colorado Plateau. Topographically, this area consists of highly dissected ridges and rocky knolls. The Uinta Formation is characterized by eroded outcrops formed by fluvial deposited stream laid interbedded sandstone and mudstone. This formation is known for its fossil vertebrates, including turtles, crocodilians, fish, and mammals. The elevation averages 5280 feet a.s.l. Named washes in the area include Fourmile Wash and Desert Spring Wash. The project area lies within the Upper Sonoran life zone, dominated by a shadscale community intermixed with saltbrush, ephedra, cacti, and grasses. Modern disturbances to the landscape include well locations, access roads, pipelines, modern trash, and livestock grazing.

Cultural Overview

The cultural-chronological sequence represented in the area includes the Paleoindian, Archaic, Fremont, Protohistoric, and Euro-American stages. The earliest inhabitants of the region are representative of the Paleoindian stage (ca. 12,000-8,000 B.P.), characterized by the adaptation to terminal Pleistocene environments and by the exploitation of big game fauna. The presence of Paleoindian hunters in the Uinta Basin region is implied by the discovery of Clovis and Folsom fluted points (ca.12,000 B.P. - 10,000 B.P.), as well as the more recent Plano Complex lanceolate points (ca. 10,000 B.P. - 7,000 B.P.). Near the project area, a variety of Plano Complex Paleoindian projectile points have been documented, including Goshen, Alberta, and Midland styles (Hauck 1998). No sites with evidence of Folsom lithic technology have previously been documented near the project area. Spangler (1995:332) reports that there are no sealed cultural deposits in association with extinct fauna or with chronologically distinct Paleoindian artifacts in Utah. Specifically in the Uinta Basin, few Paleoindian sites have been adequately documented, and most evidence of Paleoindian exploitation of the area is restricted to isolated projectile points recovered in nonstratigraphic contexts. Copeland and Fike (1998:21) argue that many areas in Utah are conducive to the herding behavior of megafauna, and that there is a high probability many of the sites in Utah of unknown age are Paleoindian.

The Archaic stage (ca. 8,000 B.P.-1,500 B.P.) is characterized by the dependence on a foraging subsistence, with peoples seasonally exploiting a wide spectrum of plant and animal species in different ecozones. The shift to an Archaic lifeway was marked by the appearance of new projectile point types, and the development of the atlatl, perhaps in response to a need to pursue smaller and faster game (Holmer 1986). In the Uinta Basin, evidence of Early Archaic presence is relatively sparse compared to the subsequent Middle and Late Archaic periods. Early Archaic (ca. 6000-3000 B.C.) sites in the Basin include sand dune sites and rockshelters primarily clustered in the lower White River drainage (Spangler 1995:373). Early Archaic projectile points recovered from Uinta Basin contexts include Pinto Series, Humboldt, Elko Series, Northern Side-notched, Hawken Side-notched, Sudden Side-notched and Rocker Base Side-notched points. Excavated sites in the area with Early Archaic components include Deluge Shelter in Dinosaur National Monument, and

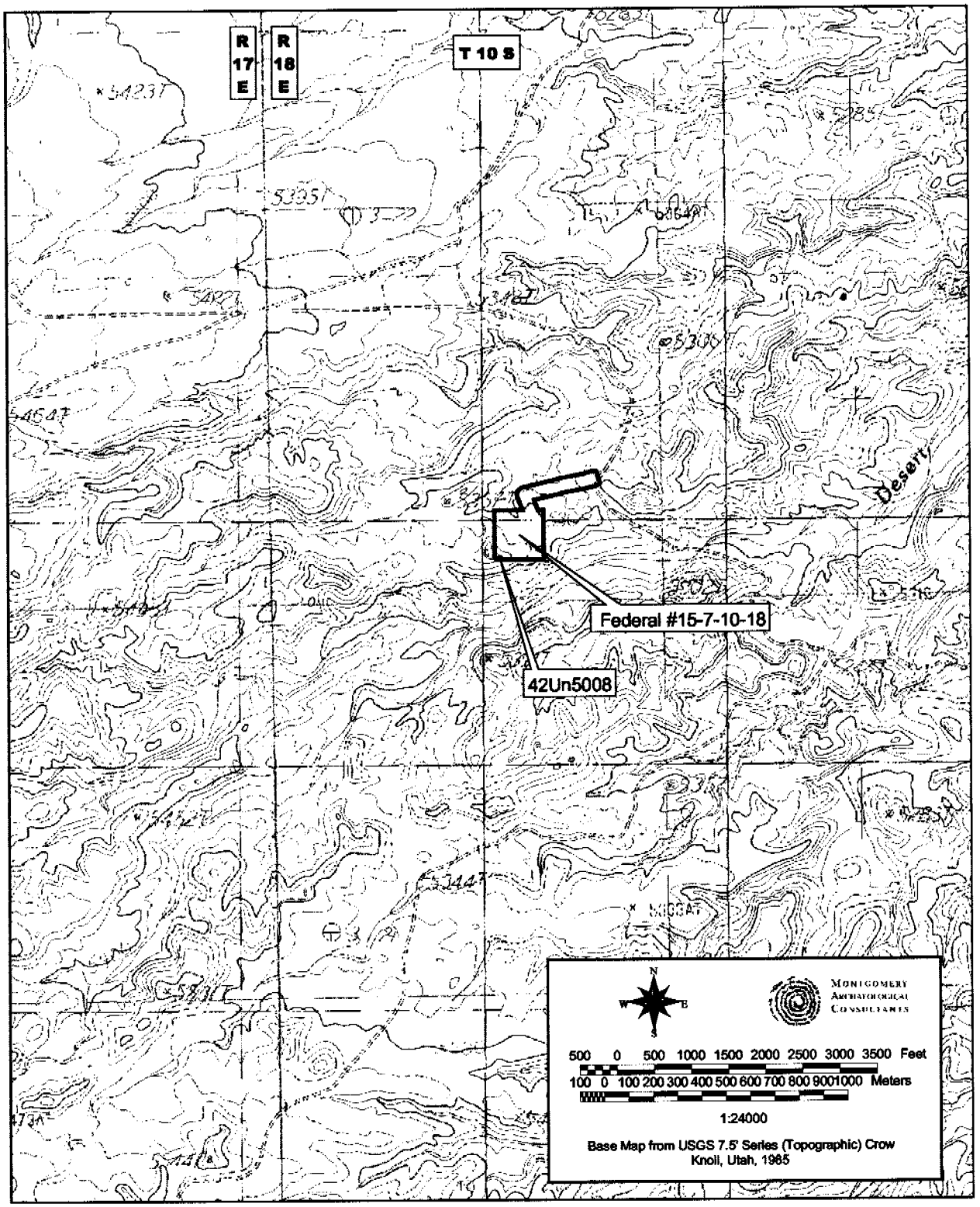

Figure 1. Inventory Area of Pendragon Energy Partners Proposed Well Location Federal #15-7-10-18 Showing Cultural Resources USGS 7.5' Crow Knoll, UT 1985.

open campsites along the Green River and on the Diamond Mountain Plateau (Spangler 1995:374). The Middle Archaic (ca. 3000-500 B.C.) is characterized by improved climatic conditions and an increase in human population on the northern Colorado Plateau. Several stratified Middle Archaic sites have been excavated and dozens of sites have been documented in the Uinta Basin. Middle Archaic sites in the area reflect cultural influences from the Plains, although a Great Basin and/or northern Colorado Plateau influence is represented in the continuation of the Elko Series projectile points. Subsistence data from Middle Archaic components indicate gathering and processing of plants as well as faunal exploitation (e.g., mule deer, antelope, bighorn sheep, cottontail rabbit, muskrat, prairie dog, beaver and birds). The Late Archaic period (ca. 500 B.C.-A.D. 550) in the Uinta Basin is distinguished by the continuation of Elko Series projectile points with the addition of semi-subterranean residential structures at base camps. By about A.D. 100, maize horticulture and Rose Springs arrow points had been added to the Archaic lifeway. In the Uinta Basin, the earliest evidence of Late Archaic architecture occurs at the Cockleburr Wash Site (42Un1476) where a temporary structure, probably a brush shelter, yielded a date of 316 B.C. (Tucker 1986). The structure was probably associated with seasonal procurement of wild floral resources gathered along Cliff Creek.

The Formative stage (A.D. 500-1300) is recognized in the area as the Uinta Fremont as first defined by Marwitt (1970). This stage is characterized by a reliance upon domesticated corn and squash, increasing sedentism, and in its later periods, substantial habitation structures, pottery, and bow and arrow weapon technology. Based on the evidence from Caldwell Village, Boundary Village, Deluge Shelter, Mantles Cave and others, the temporal range of the Uinta Fremont appears to be from A.D. 650 to 950. This variant is characterized by shallow, saucer-shaped pithouse structures with randomly placed postholes and off-center firepits, some of which were adobe-rimmed. Traits considered unique or predominate to the Uinta Basin include calcite-tempered pottery, two-handled wide-mouth vessels, Utah type metates, the use of gilsonite for pottery repair, settlement on tops of buttes, and large-shouldered bifaces (Shields 1970).

Archaeological evidence suggests that Numic peoples appeared in east-central Utah at approximately A.D. 1100 or shortly before the disappearance of Formative-stage peoples (Reed 1994). The archaeological remains of Numic-speaking Utes consist primarily of lithic scatters with low quantities of brown ware ceramics, rock art, and occasional wickiups. The brown ware ceramics appear to be the most reliable indicator of cultural affiliation, as Desert Side-notched and Cottonwood Triangular points were manufactured by other cultural groups beside the Ute (Horn, Reed, and Chandler 1994:130). The Ute appear to have been hunters and gatherers who exploited various fauna and flora resources. According to macrobotanical and faunal data from dated components, deer, elk, pronghorn, bison, and small game were acquired (Reed 1994:191). Plant materials thought to have been exploited for food include goosefoot, grass seeds, pinyon nuts, juniper berries, squawbush berries and leaves, hackberry seeds and possibly saltbush seeds, knotweed, chokecherry, and chickweed (Reed 1994:191).

SURVEY METHODOLOGY

An intensive pedestrian survey was performed for this project which is considered 100% coverage. At the well location, a 10 acre square parcel was defined, centered on the well pad center stake. The interior of the well location parcel was examined for cultural resources by the archaeologists walking parallel transects spaced no more than 10 meters (30 ft) apart. A 200 ft wide corridor was examined along the access route by the archaeologist walking parallel transects spaced no more than 10 m (30 ft) apart. Ground visibility was considered good. A total of 15.6 acres was inventoried for cultural resources on public land administered by the BLM, Vernal Field Office.

Cultural resources were recorded as archaeological sites or isolated finds of artifacts. Archaeological sites are defined as spatially definable areas with ten or more artifacts and/or features. Sites were documented by the archaeologists walking transects across the site, spaced no more than 3 m (10 ft) apart and marking the locations of cultural materials with pinflags. This procedure allowed clear definition of site boundaries and artifact concentrations. At the completion of the surface inspection, a Trimble XT GPS was employed to point-provenience diagnostic artifacts and other relevant features in reference to the site datum, a steel rebar stamped with a temporary site number. Archaeological sites were plotted on a 7.5' USGS quadrangle, photographed, and documented with site data entered on an Intermountain Antiquities Computer System (IMACS, 1990 version) inventory form (Appendix A).

INVENTORY RESULTS

The survey of Pendragon Energy Partners well location Federal #15-7-10-18 resulted in the documentation of one historic site (42Un5008)

Archaeological Sites

Smithsonian Site No.: 42Un5008
Temporary Site No.: 05-362-01
Legal Description: SW/SW/SE of Sec. 7 T10S, R18E
NRHP Eligibility: Not Eligible
Description: This site consists of a cairn which is situated on the eastern tip of an east/west trending finger ridge with a 360 degree view of the surrounding area. The cairn is constructed of approximately 60 medium-grained, unmodified tan/orange sandstone slabs and stands 2' 10" in height with a base measurement of 4' x 4'. The slabs used in construction of the cairn vary in size from 3" x 4" to 9" x 15". A metal "T" post sign is situated approximately 1 meter northeast of the cairn. Part of the sign is missing with the remnant reading "E" LAM169 PR NATT" "DO NOT TRESP" "STATE UT GRAZING".

NATIONAL REGISTER OF HISTORIC PLACES EVALUATION

The National Register Criteria for Evaluation of Significance and procedures for nominating cultural resources to the National Register of Historic Places (NRHP) are outlined in 36 CFR 60.4 as follows:

> The quality of significance in American history, architecture, archaeology, and culture is present in districts, sites, buildings, structures, and objects of State and local importance that possess integrity of location, design, setting, material, workmanship, feeling, and association, and that they:
>
> a)...are associated with events that have made a significant contribution to the broad patterns of our history; or
>
> b)...are associated with the lives of persons significant to our past; or
>
> c)...embody the distinctive characteristics of a type, period, or method of construction; or that represents the work of a master, or that possess high artistic values, or that represent a significant and distinguishable entity whose components may lack individual distinction; or
>
> d)...have yielded or may be likely to yield information important in prehistory or history.

The inventory of Pendragon Energy Partners proposed well location Federal #15-7-10-18 resulted in the documentation of one historic cairn (42Un5008). The cairn fails to embody distinctive characteristics of a type, period, or method of construction. The bedrock exposed near the surface implies no deposition is present, nor are there any artifacts found in conjunction with the feature. Hence, the site is recommended not eligible to the NRHP.

MANAGEMENT RECOMMENDATIONS

The inventory of Pendragon Energy Partner's proposed well location Federal #15-7-10-18 resulted in the documentation of one new site. This site is a cairn which is a common and well documented site type in this area. The site is not considered likely to add to regional history and is therefore not recommended as eligible to the NRHP and avoidance measures are not necessary. Based on the findings, a determination of "no historic properties affected" is recommended for this project pursuant to Section 106, CFR 800.

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APPENDIX A:

INTERMOUNTAIN ANTIQUITY COMPUTER SYSTEM (IMACS)
SITE INVENTORY FORMS
(42Un5008)

On File At:

Bureau of Land Management
Vernal Field Office

IPC# 05-187

Paleontological Reconnaissance Report

Pendragon's Proposed Well Pad, Pipeline, and Access Road for "Pendragon Federal #15-7-10-18" (Sec. 7, T 10 S, R 18 E)

Crow Knoll
Topographic Quadrangle
Uintah County, Utah

December 28, 2005

Prepared by Stephen D. Sandau
Paleontologist for
Intermountain Paleo-Consulting
P. O. Box 548
Springville, Utah 84663

RECEIVED
JAN - 3 2006
PENDRAGON ENERGY PARTNERS, INC.

INTRODUCTION

At the request of Alan Nicol, of Pendragon Energy Partners, Inc, and authorized by John Mayers of the BLM Vernal Field Office, a paleontological reconnaissance survey of Pendragon's proposed well pad, access road, and pipeline for "Pendragon Federal #15-7-10-18" (Sec. 7, T 10 S, R 18 E) was conducted by Stephen Sandau December 23, 2005. The survey was conducted under Utah BLM Paleontological Resources Use Permit #UT-S-05-033. This survey to collect any paleontological materials discovered during the construction processes in danger of damage or destruction was done to meet requirements of the National Environmental Policy Act of 1969, and other State and Federal laws and regulations that protect paleontological resources.

FEDERAL AND STATE REQUIREMENTS

As mandated by the US Department of the Interior Bureau of Land Management, paleontologically sensitive geologic formations in BLM lands that are considered for exchange or may be impacted due to ground disturbance require paleontological evaluation. This requirement complies with:

1) The National Environmental Policy Act of 1969 (NEPA) (42 U.S.C. 4321.et. Seq., P.L. 91-190);

2) The Federal Land Policy and Management Act (FLPMA) of 1976 (90 Stat. 2743, 43 U.S.C. § 1701-1785, et. Seq., P.L. 94-579).

Under policy dictated by the BLM Manual and Handbook H-8270-1 (July, 1998) formations are ranked according to their paleontological potential:

- *Condition 1* is applied to those areas known to contain fossil localities, and special consideration of the known resources is in need of evaluation.

- *Condition 2* is applied to areas that have exposures of geologic rock units known to have produced fossils elsewhere.

- *Condition 3* is applied to areas unlikely to produce fossils based on surficial geology.

Although these guidelines apply mostly to vertebrate fossils, they are equally designed to help protect rare plant and invertebrate fossil. It should be noted that many fossils, though common and unimpressive in and of themselves, can be important paleo-environmental, depositional, and chronostratigraphic indicators.

LOCATION

The well pad, access road and proposed pipeline for "Pendragon Federal #15-7-10-18" (Sec. 7, T 10 S, R 18 E) are located on lands managed by the BLM in the Petes Wash and Desert Springs Wash area, 3 mile northwest of the Green River, and some 27 miles south/southeast of Myton, Utah. The proposed access road, well pad and pipeline for the project areas can be found on the Crow Knoll 7.5 minute U. S. Geological Survey Quadrangle Map, Uintah County, Utah.

PREVIOUS WORK

The basins of western North America have long produced some of the richest fossil collections in the world. Early Cenozoic sediments are especially well represented throughout the western interior. Paleontologists started field work in Utah's Uinta Basin as early as 1870 (Betts, 1871; Marsh, 1871, 1875a, 1875b). The Uinta Basin is located in the northeastern corner of Utah and covers approximately 31,000 sq. km (12,000 sq. miles) and ranges in elevation from 1,465 to 2,130 m (4,800 to 7,000 ft) (Marsell, 1964; Hamblin et al., 1987). Middle to late Eocene time marked a period of dramatic change in the climate, flora, (Stucky, 1992), and fauna (Black and Dawson, 1966) of North America.

GEOLOGICAL AND PALEONTOLOGICAL OVERVIEW

Early in the geologic history of Utah, some 1,000 to 600 Ma, an east-west trending basin developed creating accommodation for 25,000 feet of siliclastics. Uplift of that filled-basin during the early Cenozoic formed the Uinta Mountains (Rasmussen et al., 1999). With the rise of the Uinta Mountains the asymmetrical synclinal Uinta Basin is thought to have formed through the effects of down warping in connection with the uplift. Throughout the Paleozoic and Mesozoic deposition fluctuated between marine and non-marine environments laying down a thick succession of sediments in the area now occupied by the Uinta Basin. Portions of these beds crop out on the margins of the basin due to tectonic events occurring during the late Mesozoic.

Early Tertiary Uinta Basin sediments were deposited in alternating lacustrine and fluvial environments. Large shallow lakes periodically covered most of the basin and surrounding areas during early to mid Eocene time (Abbott, 1957). These lacustrine sediments show up in the western part of the basin, dipping 2-3 degrees to the northeast and are lost in the subsurface on the east side. The increase of cross-bedded coarse-grained sandstone and conglomerates preserved in paleo-channels indicates a transition to a fluvial environment toward the end of the epoch.

Four Eocene formations are recognized in the Uinta Basin: the Wasatch, Green River, Uinta, and Duchesne River, respectively (Wood, 1941). The Green River Formation was traditionally subdivided up into four stratigraphic units namely, from oldest to youngest, the Douglas Creek, Garden Gulch, Parachute, and Evacuation Creek Members (Bradley, 1931). Later, numerous authors introduced varying terminology to describe the Green River Formation (Dane, 1955; Cashion and Donnell, 1974; Ryder et al., 1976; Bryant et al., 1989 and Weiss et al., 1990). When describing Green River beds in the eastern portion of the basin the member names will be used and in the western portion of the basin description by facies will be employed (Table 1). The Green River Formation is largely lacustrine in nature consisting of shale, and marl in large amounts with lesser quantity of delta siltstones and sandstones. For detailed description of the Green River Formation facies see the above mentioned references.

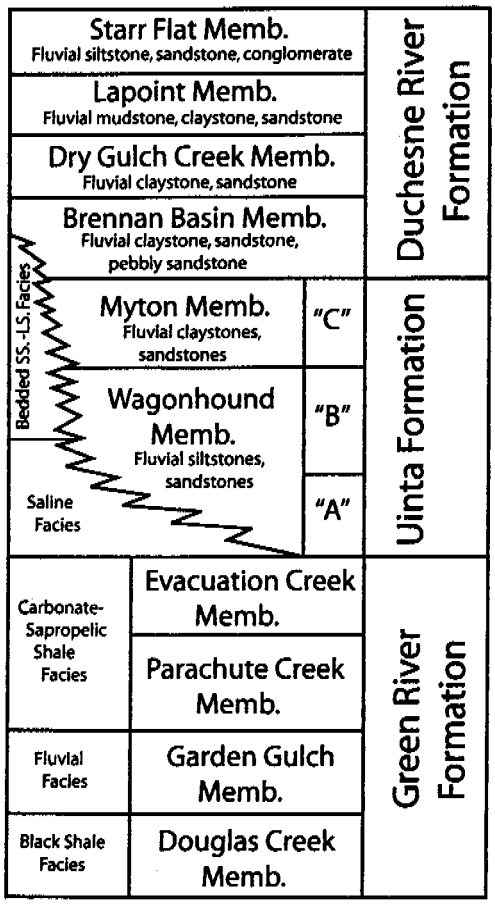


Table 1. Uinta Basin stratigraphy

The Uinta Formation is subdivided into two lithostratigraphic units namely: the Wagonhound Member (Wood, 1934), formerly known as Uinta A and B (Osborn, 1895, 1929), and the Myton Member previously regarded as the Uinta C. Within the Uinta Basin in northeast Utah, the Uinta Formation in the western part of the basin is composed primarily of lacustrine sediments interfingering with over-bank deposits of silt and mudstone and westward flowing channel sands, and fluvial clays, muds and sands in the east (Bryant et al, 1990; Ryder et al, 1976). Stratigraphic work done by early geologists and paleontologists within the Uinta Formation focused on the definition of rock units and attempted to define a distinction between early and late Uintan faunas (Riggs, 1912; Peterson and Kay, 1931; Kay 1934). More recent work focused on magnetostratigraphy, radioscopic chronology, and continental biostratigraphy (Flynn, 1986; Prothero, 1996). Well known for its fossiliferous nature and distinctive mammalian fauna of mid-Eocene Age, the Uinta Formation is the type formation for the Uintan Land Mammal Age (Wood et al, 1941).

FIELD METHODS

In order to determine if the proposed access road, pipeline, and well pad from this project contained any paleontological resources, a brief reconnaissance survey was performed. An on-site observation of the proposed areas undergoing surficial disturbance is necessary, because judgments made from topographic maps alone are often unreliable. Areas of low relief have potential to be erosional surfaces with the possibility of bearing fossil materials rather than surfaces covered by unconsolidated sediment or soils.

When found within the proposed construction areas, outcrops and erosional surfaces were checked to determine if fossils were present and to assess needs. Careful effort is made during surveys to identify and evaluate significant fossil materials or fossil horizons when they are found. Microvertebrates, although rare, are occasionally found in anthills or upon erosional surfaces, and are of particular importance.

PROJECT AREA

The project area is situated in the Wagonhound Member (Uinta A & B) of the Uinta Formation. The proposed access road and pipeline for this location depart south/southwest off an existing road and pipeline and travel for a short distance before entering the staked well pad area situated in the SW/SE quarter-quarter section of Sec. 7, T 10 S, R 18 E (Figure 1). The proposed access road and pipeline traverse over ground exposed in purple, gray, and green overbank deposits of sandstones, siltstones, and mudstones. The well pad also exhibits some of these same units but they are mostly covered by poorly-developed soil and colluvium. The colluvium has weathered off the surrounding hills to the south and southwest. These hills are composed of similar overbank deposits and are capped by a greenish to tan, course-grain, and cross-bedded, fluvial sandstone unit. No fossils were found along the proposed access road and pipeline or within the staked area for the proposed well pad.

Just west of the proposed access road and pipeline and north of the proposed well pad, is a line of low, small knolls composed of green, purple, and gray sandstone, siltstones, and mudstones. Numerous weathered and abraded turtle shell fragments, together with unidentified bone fragments (mammalian ?) were discovered weathering out of the greenish course-grain sandstone and the purple and green siltstones and mudstones. Turtle shell fragments most likely belong to *Echmatemys* individuals (Figure 1, pic 3). The line of small knolls where the fossil vertebrates were discovered is designated as the new vertebrate fossil locality "42Un1867V".

SURVEY RESULTS

WELL	GEOLOGY	PALEONTOLOGY
"Pendragon Federal #15-7-10-18" (Sec. 7, T 10 S, R 18 E)	The proposed access road and pipeline traverse over ground exposed in purple, gray, and green overbank deposits of sandstones, siltstones, and mudstones. The well pad also exhibits some of these same units but they are mostly covered by poorly-developed soil and colluvium. The colluvium has weathered off the surrounding hills to the south and southwest. These hills are composed of similar overbank deposits and are capped by a greenish to tan, course-grain, and cross-bedded, fluvial sandstone unit.	No fossils were found along the proposed access road and pipeline or within the staked area for the proposed well pad. Condition 2. **Just west of the proposed access road and pipeline and north of the proposed well pad, is a line of low, small knolls composed of green, purple, and gray sandstone, siltstones, and mudstones. Numerous weathered and abraded turtle shell fragments, together with unidentified bone fragments (mammalian ?) were discovered weathering out of the greenish course-grain sandstone and the purple and green siltstones and mudstones. Turtle shell fragments most likely belong to *Echmatemys* individuals (Figure 1, pic 3). The line of small knolls where the fossil vertebrates were discovered is designated as the new vertebrate fossil locality "42Un1867V". Condition 1.**

RECOMMENDATIONS

The reconnaissance surveys executed for Pendragon Energy Partners proposed "Pendragon Federal #15-7-10-18" (Sec. 7, T 10 S, R 18 E) and its associated access road and pipeline was brief. The staked areas showed no signs of fossil materials inside of the proposed construction sites. Therefore, we recommend that no paleontological restrictions be placed upon the construction of the proposed access road and pipeline together with the proposed well pad which are covered in this report.

However, if future development is planned inside the boundary of the newly proposed fossil vertebrate locality "42Un1867V", it is suggested that a permitted paleontologist be present during the construction process or that avoidance of the area should be considered.

Nevertheless, if vertebrate fossil(s) are found during construction of the proposed well pad together with its associated access roads and pipeline covered in this report, recommendations are that a paleontologist is immediately notified in order to collect fossil materials in danger of being destroyed. Any vertebrate fossils found should be carefully moved outside of the construction areas to be checked by a permitted paleontologist.

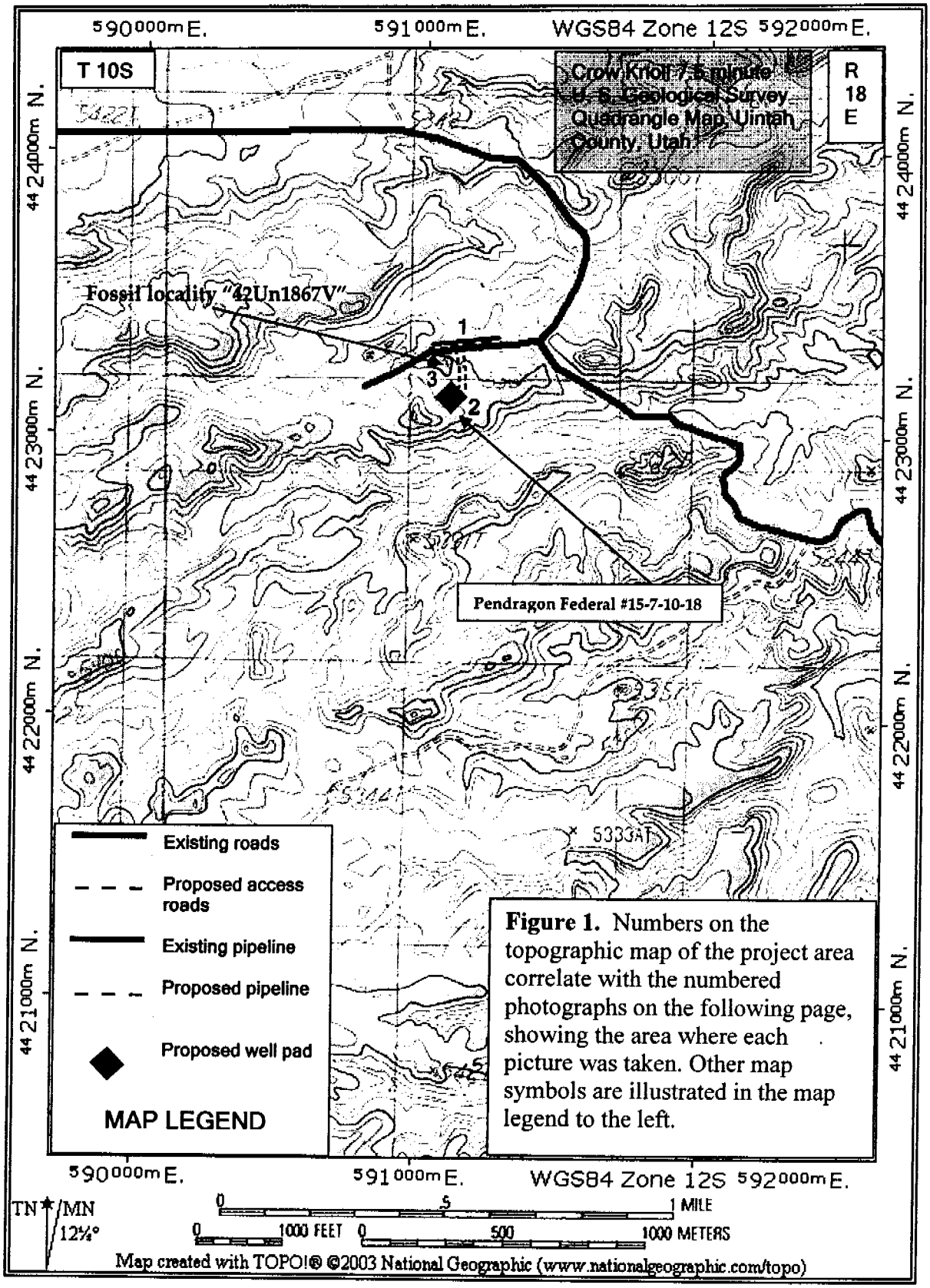
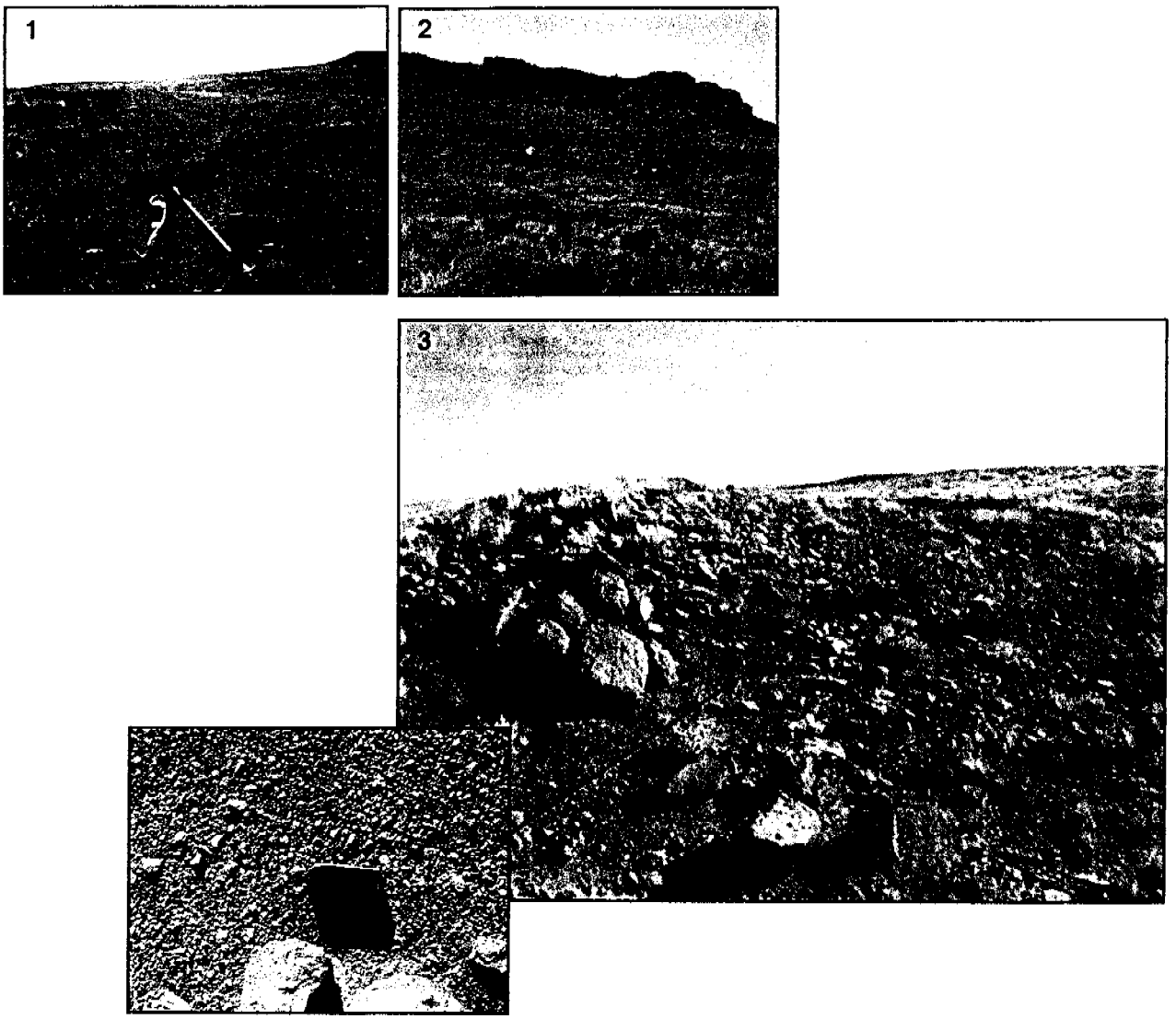


Figure 1. Numbers on the topographic map of the project area correlate with the numbered photographs on the following page, showing the area where each picture was taken. Other map symbols are illustrated in the map legend to the left.

Figure 1. *continued...*



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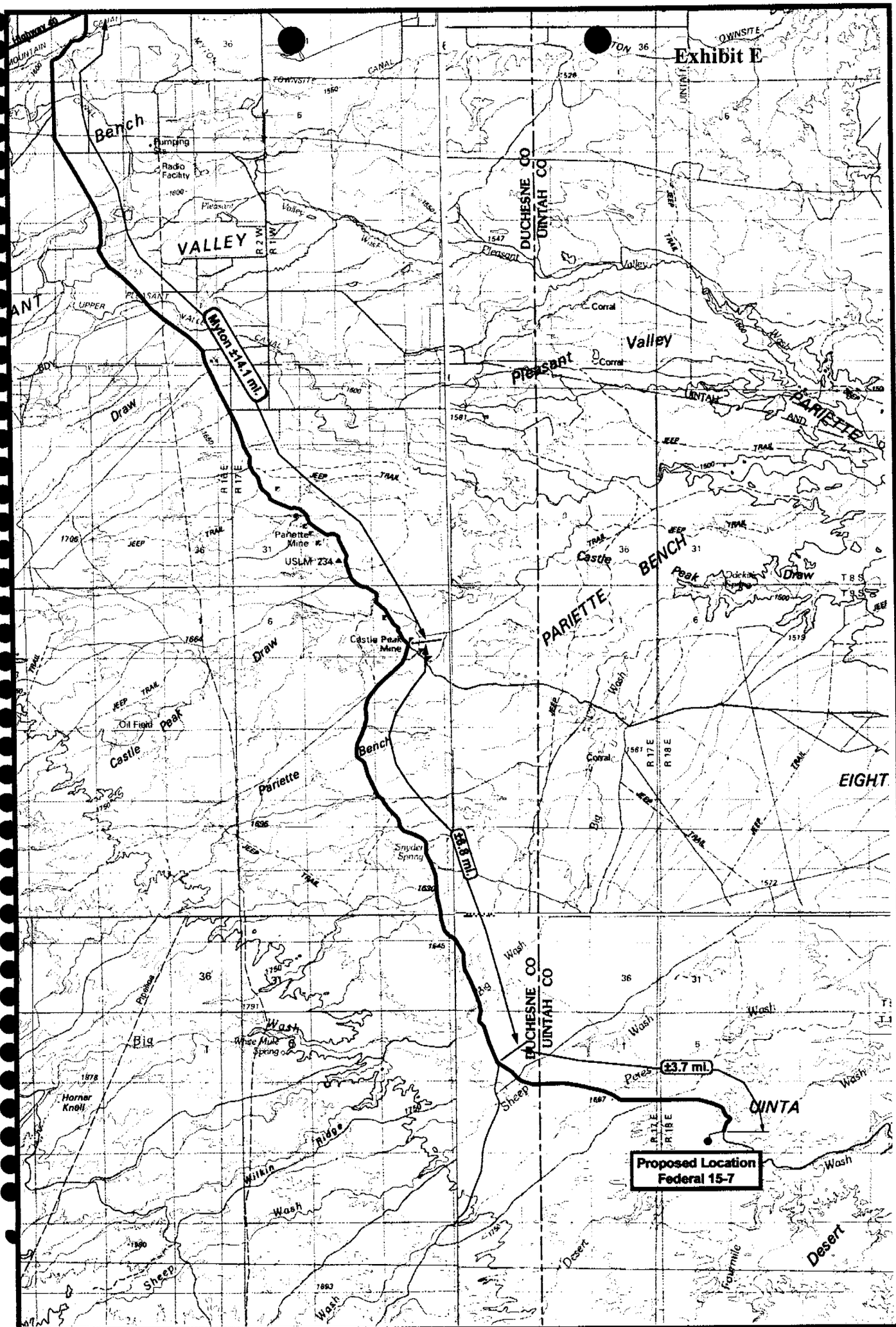


PENDRAGON

ENERGY PARTNERS INC.

Federal 15-7-10-18
Sec 7, T10S, R18E, S.L.B.&M.

Tri-State Land Surveying Inc.
(435) 781-2501
180 North Vernal Ave. Vernal, Utah 84078

SCALE: 1" = 100,000'
DRAWN BY: mw
DATE: 08-03-2005

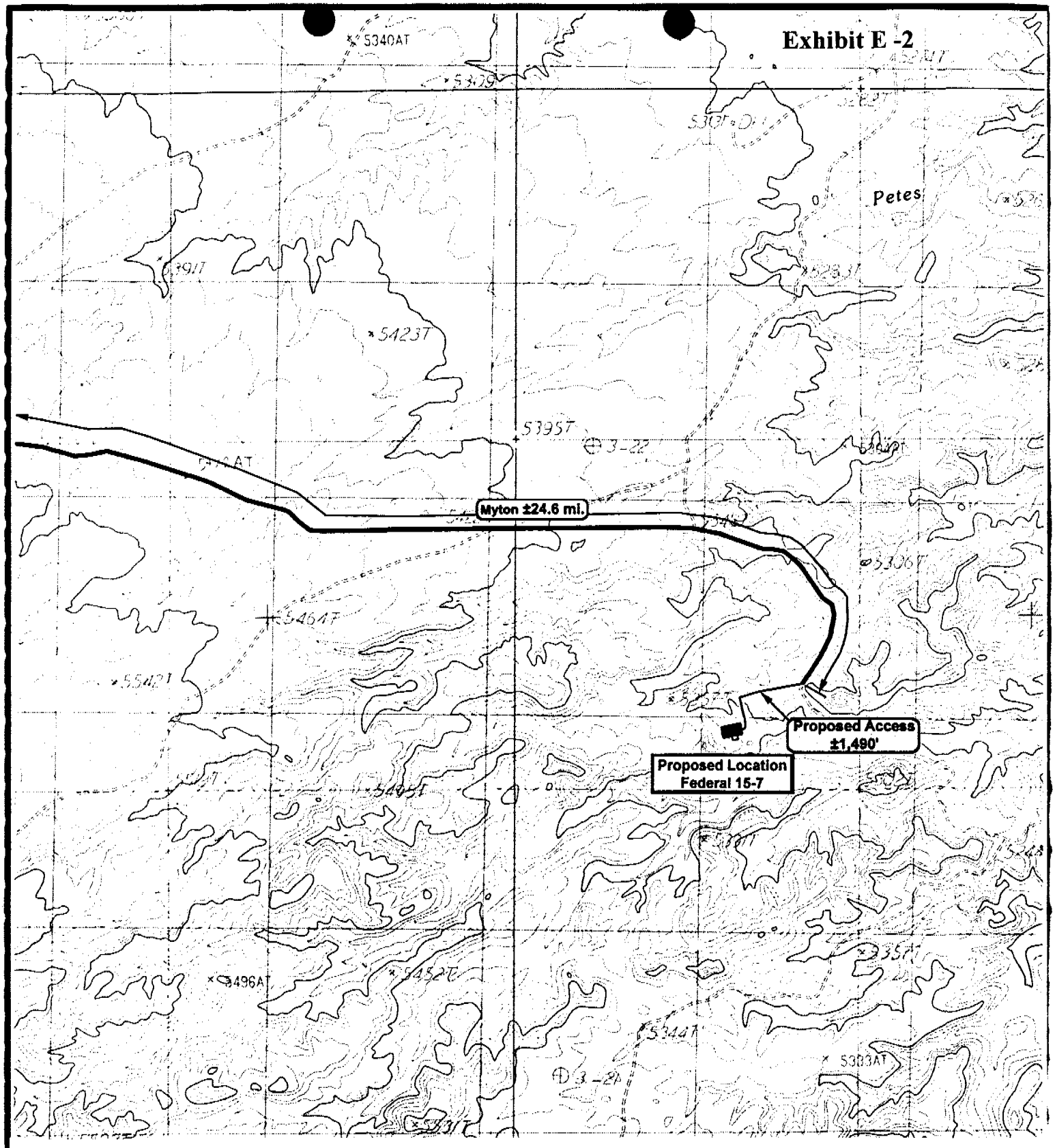
Legend

Existing Road

Proposed Access

TOPOGRAPHIC MAP

"A"



PENDRAGON

ENERGY PARTNERS INC.

Federal 15-7-10-18
SEC. 7, T10S, R18E, S.L.B.&M.

N

Tri-State Land Surveying Inc.
(435) 781-2501
180 North Vernal Ave. Vernal, Utah 84078

SCALE: 1" = 2000'
DRAWN BY: mw
DATE: 08-03-2005

Legend
Existing Road
Proposed Access

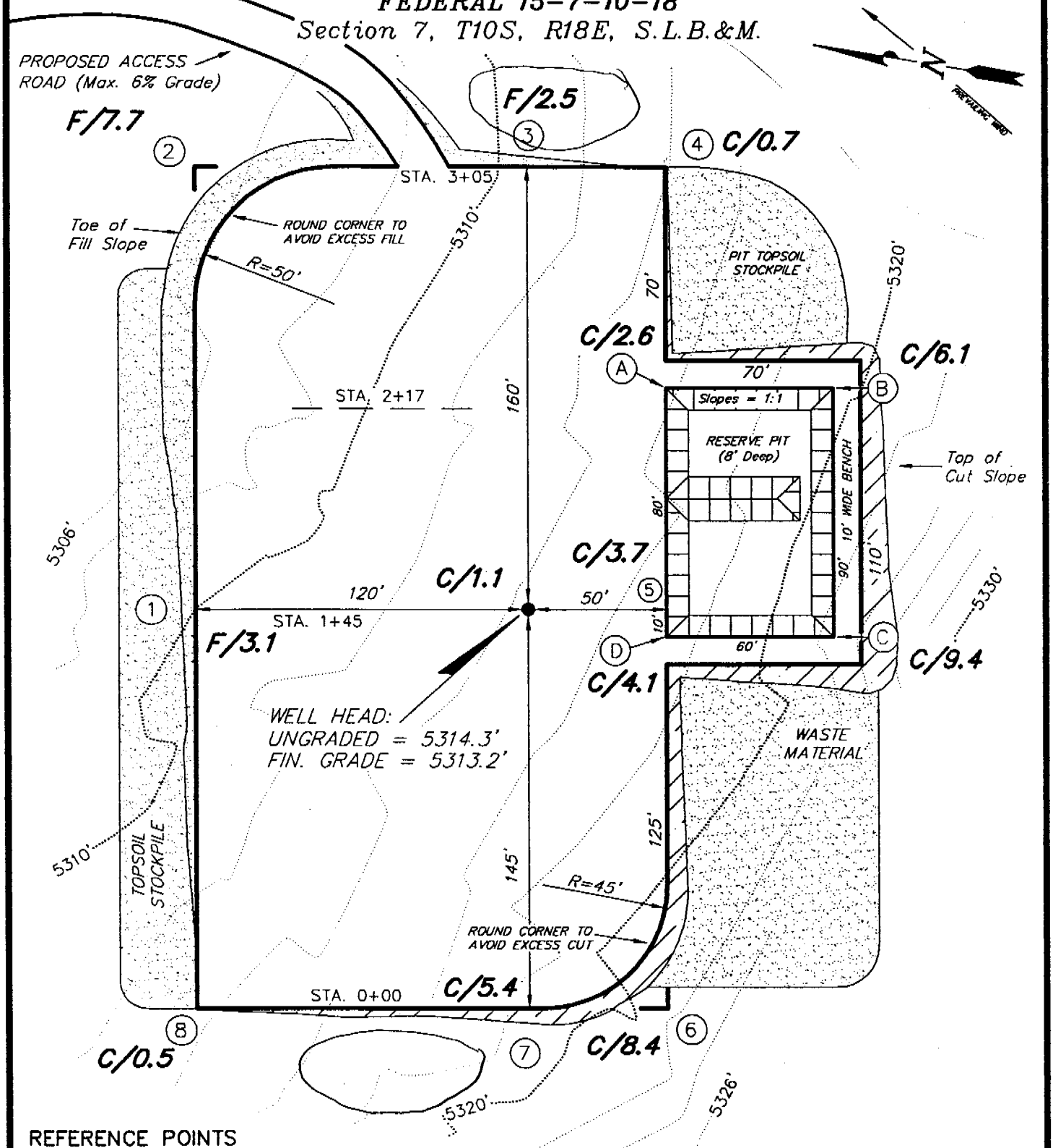
TOPOGRAPHIC MAP
"B"

Exhibit F

PENDRAGON ENERGY PARTNERS, INC.

FEDERAL 15-7-10-18

Section 7, T10S, R18E, S.L.B.&M.



REFERENCE POINTS

195' WESTERLY = 5321.7'
245' WESTERLY = 5328.4'
170' NORTHERLY = 5307.4'
220' NORTHERLY = 5307.3'

SURVEYED BY: C.M.		SCALE:	1" = 50'
DRAWN BY: F.T.M.		DATE:	7-12-05

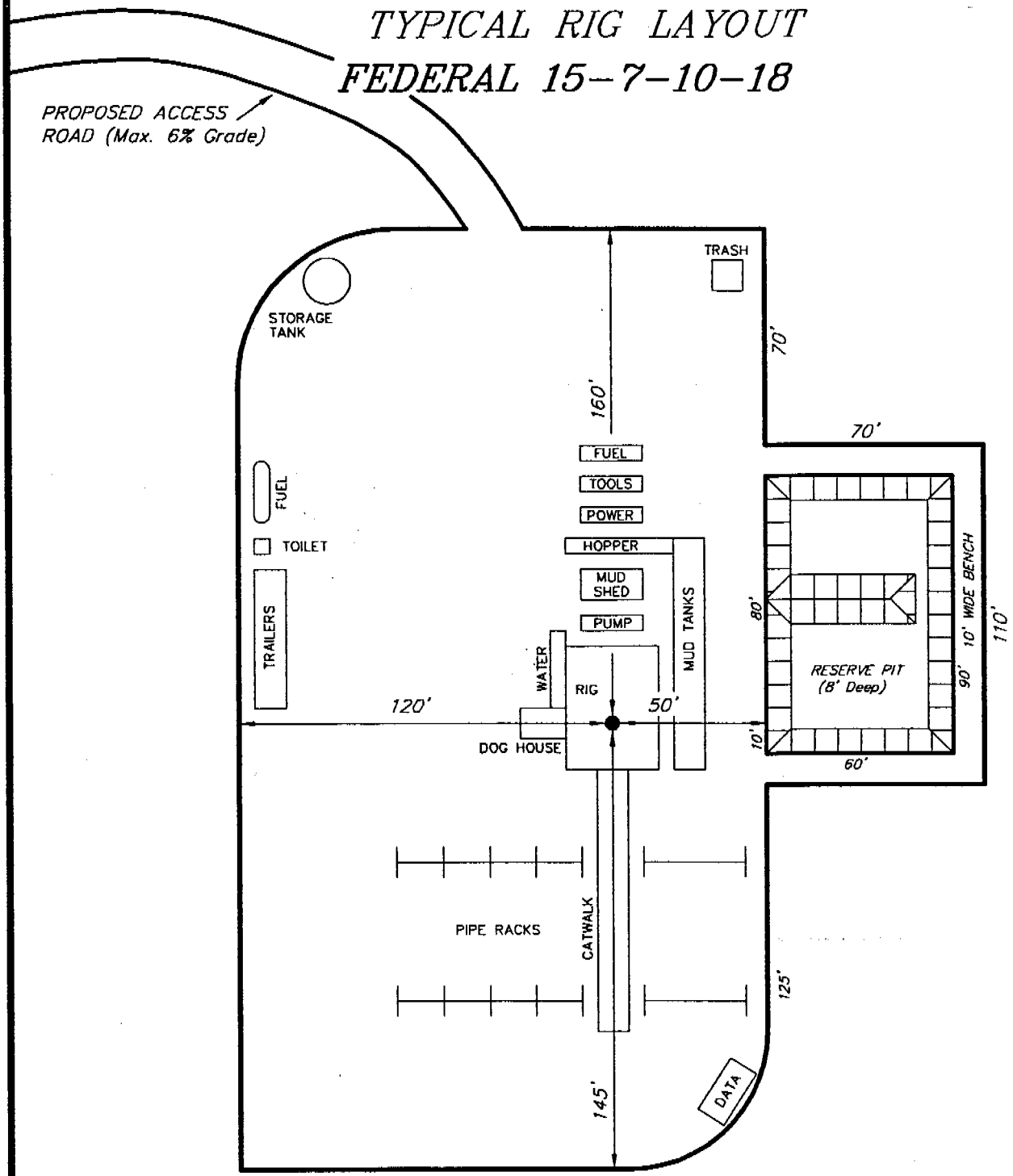
Tri State Land Surveying, Inc. (435) 781-2501
180 NORTH VERNAL AVE. VERNAL, UTAH 84078

Exhibit G

PENDRAGON ENERGY PARTNERS, INC.

TYPICAL RIG LAYOUT

FEDERAL 15-7-10-18



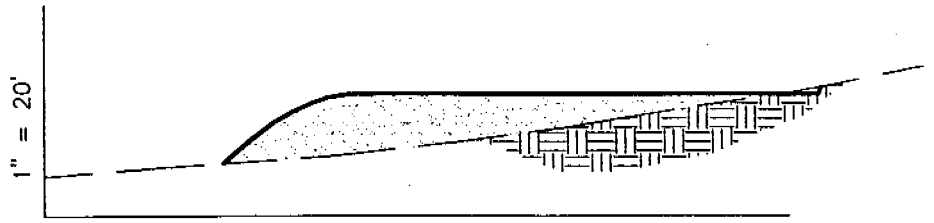
SURVEYED BY: C.M.	SCALE: 1" = 50'	Tri State Land Surveying, Inc.	(435) 781-2501
DRAWN BY: F.T.M.	DATE: 7-12-05	180 NORTH VERNAL AVE. VERNAL, UTAH 84078	

Exhibit G2

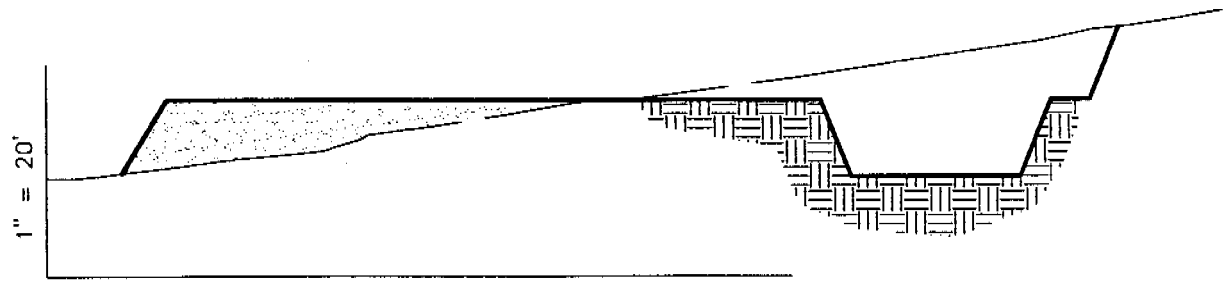
PENDRAGON ENERGY PARTNERS, INC.

CROSS SECTIONS

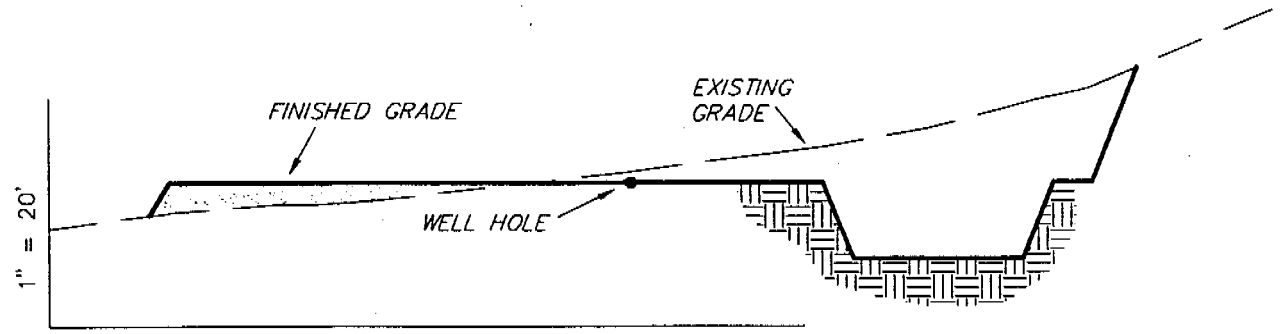
FEDERAL 15-7-10-18



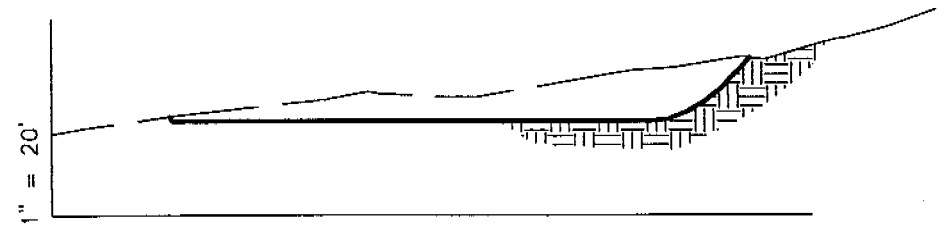
STA. 3+05



STA. 2+17



STA. 1+45



STA. 0+00

ESTIMATED EARTHWORK QUANTITIES
(Expressed in Cubic Yards)

ITEM	CUT	FILL	6" TOPSOIL	EXCESS
PAD	3,600	3,590	Topsoil is not included in Pad Cut	10
PIT	1,170	0		1,170
TOTALS	4,770	3,590	1,200	1,180

NOTE:
UNLESS OTHERWISE NOTED
CUT SLOPES ARE AT 1:1
FILL SLOPES ARE AT 1.5:1

SURVEYED BY:	C.M.	SCALE:	1" = 50'
DRAWN BY:	F.T.M.	DATE:	7-12-05

Tri State Land Surveying, Inc.
(435) 781-2501
180 NORTH VERNAL AVE. VERNAL, UTAH 84078

PENDRAGON ENERGY PARTNER5S, INC

Uteland Butte Site Security Diagram

N

Exhibit K1

1 Wellhead
2 Pumping unit and engine
3 Flow line bundle
4 Propane Tank
5 Line heater
6 Pit tanks
7 Welded steel production tanks
8 Sales line
* Oil production, gas, glycol trace and water drains are all in the bundle.

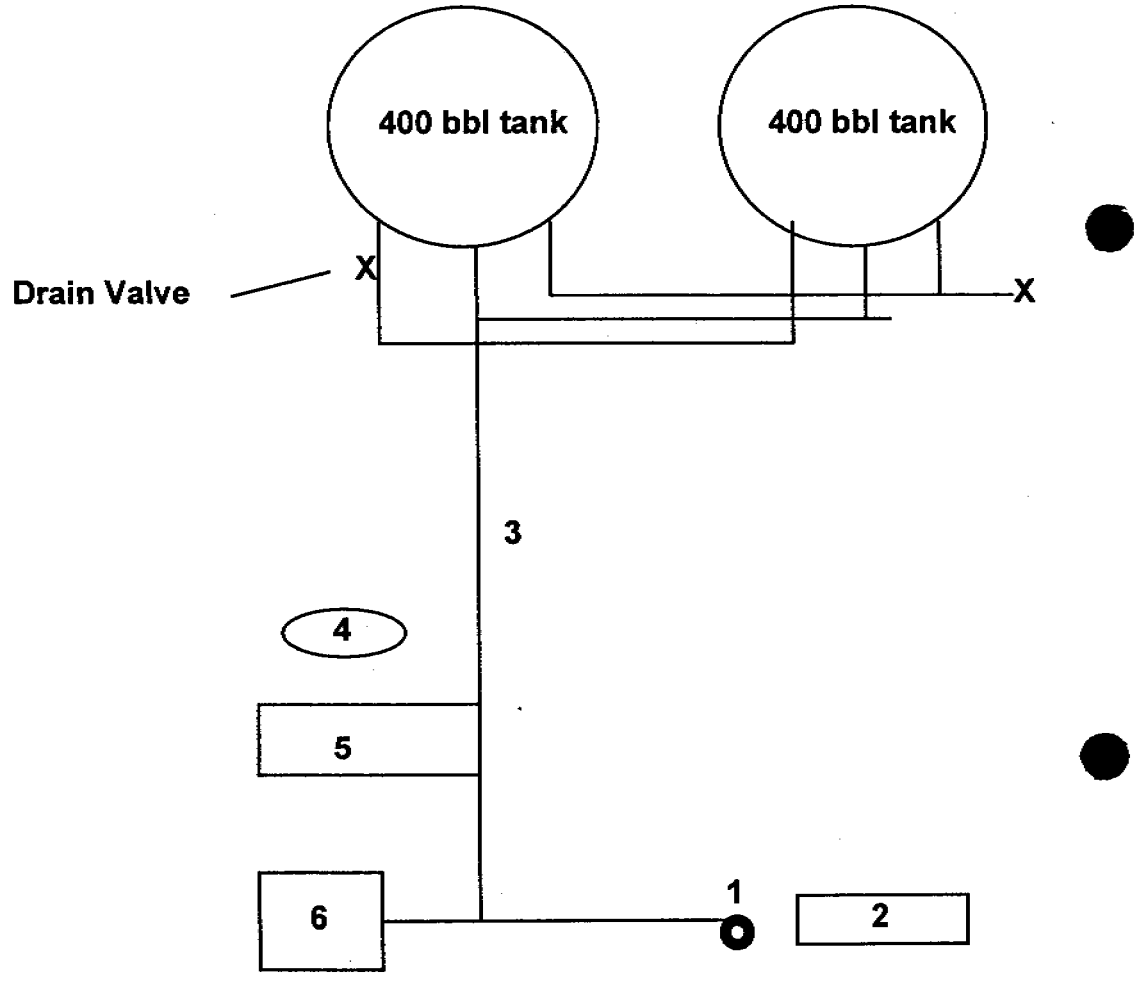


Exhibit K2

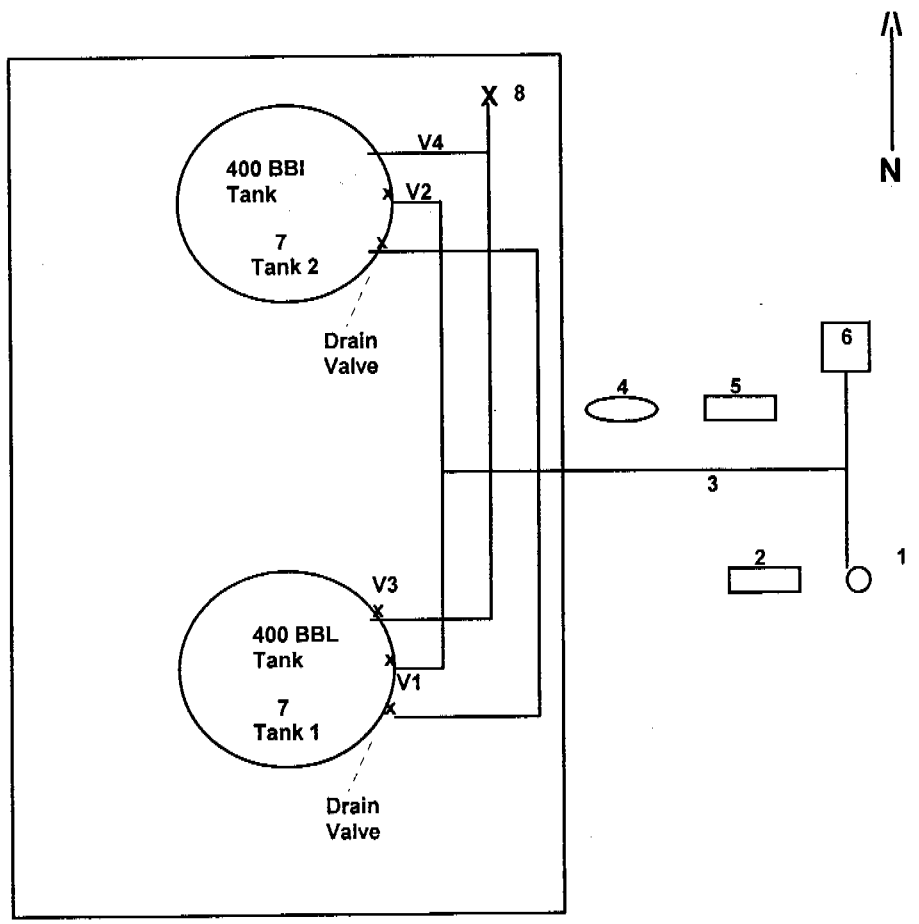
Pendragon Energy Partners, Inc.
Site Facility Diagram
Uintah County, Utah

1- Wellhead
2-Pumping Unit Engine
3-Flowline Bundle*
4-Propane Tank
5-Line Heater
6-Pit Tank
7-Welded Steel Production Tanks
8-Sales Line
* Bundle includes oil & gas production, glycol trace, water drains.

V1-Production Valve, Tank #1
V2-Production Valve, Tank #2
V3-Sales Valve, Tank#1
V4-Sales Valve, Tank #2

Normal Operations:	V1	V2	V3	V4
Tank #1 Prod	OP	CL	CL	O/C
Tank #1 Sales	CL	OP	OP	CL
Tank #2 Prod	CL	OP	O/C	CL
Tank #2 Sales	OP	CL	CL	OP

The production system is closed with access through sealed valves



UNITED STATES DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
VERNAL FIELD OFFICE
170 South 500 East VERNAL, UT 84078 (435) 781-4400

CONDITIONS OF APPROVAL FOR APPLICATION FOR PERMIT TO DRILL

Company:	**Pendragon Energy Prtnrs, Inc.**	**Location:**	**SWSE, Sec 7, T10S, R18E**
Well No:	**Federal 15-7-10-18**	**Lease No:**	**UTU-75088**
API No:	**43-047-37098**	**Agreement:**	**N/A**

Petroleum Engineer:	Matt Baker	Office: 435-781-4490	Cell: 435-828-4470
Petroleum Engineer:	Michael Lee	Office: 435-781-4432	Cell: 435-828-7875
Supervisory Petroleum Technician:	Jamie Sparger	Office: 435-781-4502	Cell: 435-828-3913
Environmental Scientist:	Paul Buhler	Office: 435-781-4475	Cell: 435-828-4029
Environmental Scientist:	Karl Wright	Office: 435-781-4484	
Natural Resource Specialist:	Holly Villa	Office: 435-781-4404	
Natural Resource Specialist:	Melissa Hawk	Office: 435-781-4476	
Natural Resource Specialist:	Nathaniel West	Office: 435-781-4447	
After Hours Contact Number: 435-781-4513		Fax: 435-781-4410	

A COPY OF THESE CONDITIONS SHALL BE FURNISHED TO YOUR FIELD REPRESENTATIVE TO INSURE COMPLIANCE

All lease and/or unit operations are to be conducted in such a manner that full compliance is made with the applicable laws, regulations (43 CFR Part 3160), and this approved Application for Permit to Drill including Surface and Downhole Conditions of Approval. The operator is considered fully responsible for the actions of his subcontractors. A copy of the approved APD must be on location during construction, drilling, and completion operations. **This permit is approved for a one-year period. An additional year extension may be applied for by sundry notice prior to expiration.**

NOTIFICATION REQUIREMENTS

Location Construction (Notify Nate West)	-	Forty-Eight (48) hours prior to construction of location and access roads.
Location Completion (Notify Nate West)	-	Prior to moving on the drilling rig.
Spud Notice (Notify Petroleum Engineer)	-	Twenty-Four (24) hours prior to spudding the well.
Casing String & Cementing (Notify Jamie Sparger)	-	Twenty-Four (24) hours prior to running casing and cementing all casing strings.
BOP & Related Equipment Tests (Notify Jamie Sparger)	-	Twenty-Four (24) hours prior to initiating pressure tests.
First Production Notice (Notify Petroleum Engineer)	-	Within Five (5) business days after new well begins or production resumes after well has been off production for more than ninety (90) days.

SURFACE USE PROGRAM
CONDITIONS OF APPROVAL (COAs)

CONSTRUCTION AND OPERATION

1. All applicable local, state, and/or federal laws, regulations, and/or statutes must be complied with.

2. In accordance with the Migratory Bird Treaty Act if a nest is found the operator shall suspend all operations in the immediate area of such discovery until written authorization to proceed is issued by the authorized officer.

3. Construction related traffic shall be restricted to approved routes. Cross-country vehicle travel will not be allowed.

4. The well location will be maintained in accordance with good housekeeping practices. If the well is productive, items not used for production will not be stored on the well location.

5. If additional erosion occurs during the life of this project, more culverts, low water crossings, berms, wing ditches or etc. may be needed to control the erosion. The operator will need to submit a proposal to control erosion to the BLM.

6. The reserve pit will be lined with a 16 ml or greater liner.

7. No vehicle travel, construction or routine maintenance activities shall be performed during periods when the soil is too wet to adequately support vehicles and/or construction equipment. If such equipment creates ruts in excess of four inches deep, the soil shall be deemed too wet to adequately support construction equipment.

8. During all road building, pad construction, drilling, well completion, producing and abandonment activities, all gasoline, diesel powered equipment used must be equipped with approved spark arresters or mufflers.

9. The liner is to be cut at the level of the cuttings or treated to prevent the reemergence of the pit liner and pit material to the surface or its interference with long-term successful re-vegetation. Any excess liner material removed from the pit is to be disposed of at an authorized disposal site.

10. When the reserve pit contains fluids or toxic substances, the operator must ensure that animals do not ingest or become entrapped in pit fluids.

11. Drill cuttings and mud will remain in the reserve pit until **DRY**. The reserve pit must be free of oil and other liquid and solid wastes, allowed to dry, be pumped dry, or solidified in-situ prior to filling. The reserve pit will not be "squeezed," (filled with soil while still containing fluids) or "cut" (puncturing the pit liner while still containing fluids to allow pit fluids to drain from the pit).

12. Actions to insure oil floating on water does not pose a hazard to wildlife will be implemented. Fluid hydrocarbons within the reserve pit will be promptly removed and disposed of in accordance with State Law.

13. Prevent fill and stock piles from entering drainages.

CULTURAL AND PALEONTOLOGICAL RESOURCES STIPULATION

1. Any cultural and/or paleontological resource (historic or prehistoric site or object or fossil) discovered by the holder, or any person working on his behalf, on public or Federal land shall be immediately reported to the authorized officer. Holder shall suspend all operations in the immediate area of such discovery until written authorization to proceed is issued by the authorized officer. An evaluation of the discovery will be made by the authorized officer to determine appropriate actions to prevent the loss of significant cultural or scientific values. The holder will be responsible for the cost of evaluation and a decision as to proper mitigation measures shall be made by the authorized officer after consulting with the holder.

2. The access road will be crowned and ditched. Flat-bladed roads are **NOT** allowed.

3. Notify the Authorized Officer 48 hours prior to surface disturbing activities.

4. All well facilities not regulated by OSHA will be painted Carlsbad Canyon.

5. Following well plugging and abandonment, the location, access roads, pipelines, and other facilities shall be reclaimed. All disturbed surfaces shall be reshaped to approximate the original contour; the top soil respread over the surface; and, the surface revegetated. The surface of approved staging areas where construction activities did not occur may require disking or ripping and reseeding.

6. Noxious weeds and any undesirable plants, as determined by the BLM, will be controlled by the operator. The operator will submit a pesticide use proposal to control weeds if they develop on the location or access road.

7. Trees that must be removed from the location must be piled separately off location and saved for final reclamation purposes.

8. Interim Reclamation (see below):

   a. Where possible, strip six inches of topsoil from the location as shown on the cut sheet. After the well is completed, the topsoil will be spread and re-contoured on the location and immediately seeded with the seed mix below.

   b. Interim Reclamation Seed Mix for location:

Galleta grass	*Hilaria jamesil*	6 lbs/acre
Western wheatgrass	*Pascopyrum smithii*	6 lbs/acre
Per Live Seed Total		12 lbs/acre

   c. Certified weed free seed and straw will be used for final and interim reclamation. The operator will submit a receipt with certification for the seed and any straw used on location.

d. The topsoil from the reserve pit shall be stripped and piled separately near the reserve pit. When the reserve pit is closed it shall be re-contoured, then the area shall be seeded in the same manner as the topsoil.

e. There shall be no primary or secondary noxious weeds in the seed mixture.

f. Once the location is plugged and abandoned contact the Authorized Officer for final reclamation plans.

g. The above listed seed mix shall be used to seed all unused portions of the pad including the topsoil and stock piles, and the reserve pits. Re-seeding may be required if the first seeding is not successful.

h. The seed shall be drilled or disked into the ground or hand broadcast onto the ground. Planting depth shall not exceed one-half inch using a seed drill. If the seed is hand broadcast then the seed mixture will be doubled and the area raked or chained to cover the seed.

PRODUCING WELL

1. Production facilities (including dikes) will be placed on cut and a minimum of 20' from the toe of the backcut.

2. Pesticides may not be used to control undesirable woody and herbaceous vegetation, aquatic plants, insects, rodents, trash fish, etc., without the prior written approval of the BLM. A request for approval of planned uses of pesticides will be submitted 4 months prior to the proposed starting date.

3. No production pits will be allowed on the location.

4. Load outs will be inside the dike. A drip barrel will be installed under the end of the loadout line.

5. All production facilities, i.e. pump, pump house, storage tanks, oil-water separator, galvanized dikes, propane tanks, etc. will be painted with a lusterless color (refer to the "Standard Environmental" Color Sheet"). All facilities will be painted within six (6) months of installation.

6. The well location will be maintained in a clean environmentally friendly manner, using good house keeping practices.

7. Equipment not being used for production will not be stored on the well location.

8. All oil and chemical barrels will be labeled and have a spill containment device to protect soils from possible contamination.

ABANDONED WELL

1. A sundry notice shall be submitted to the BLM prior to abandonment, a final reclamation seed mix will be designated at the time the sundry is approved.

2. The seed shall be drilled or disked into the ground or hand broadcast onto the ground. Planting depth shall not exceed one-half inch using a seed drill. If the seed is hand broadcast then the seed mixture will be doubled and the area raked or chained to cover the seed.

3. The cut and fill slopes will be recontoured to original contours. The entire disturbed area will then be back-filled with topsoil, landscaped, seeded and fenced to exclude livestock. The fence will remain in place. It will be removed prior to approval of final abandonment.

DOWNHOLE CONDITIONS OF APPROVAL

All provisions outlined in Onshore Oil & Gas Order #2 Drilling Operations shall be strictly adhered to. The following items are emphasized:

SITE SPECIFIC DOWNHOLE CONDITIONS OF APPROVAL

1. For the production casing cementing program, operator is required to pump additional cement beyond the stated amounts in application. The regulatory minimum standard for top of cement is 1350 ft, based on the estimated top of plus a minimum separation of 200 ft from formation Green River and formation Mahogany oil shale.

DRILLING/COMPLETION/PRODUCING OPERATING STANDARDS

1. There shall be no deviation from the proposed drilling, completion, and/or workover program as approved. Safe drilling and operating practices must be observed. All wells, whether drilling, producing, suspended, or abandoned, shall be identified in accordance with 43 CFR 3162.6. There shall be a sign or marker with the name of the operator, lease serial number, well number, and surveyed description of the well. Any changes in operation must have prior approval from the BLM, Vernal Field Office Petroleum Engineers.

2. The spud date and time shall be reported orally to Vernal Field Office within 24 hours of spudding.

3. **Notify Vernal Field Office Supervisory Petroleum Engineering Technician at least 24 hours in advance of casing cementing operations and BOPE & casing pressure tests.**

4. Blowout prevention equipment (BOPE) will remain in use until the well is completed or abandoned. Closing unit controls must remain unobstructed and readily accessible at all times. Choke manifolds must be located outside of the rig substructure.

   All BOPE components will be inspected daily and those inspections shall be recorded in the daily drilling report. Components shall be operated and tested as required by Onshore Oil & Gas Order No. 2 to insure good mechanical working order. All BOPE pressure tests must be performed by a test pump with a chart recorder and **NOT** by the rig pumps. Test must be reported in the driller's log.

   BOP drills must be initially conducted by each drilling crew within 24 hours of drilling out from under the surface casing and weekly thereafter as specified in Onshore Oil & Gas Order No. 2.

   Casing pressure tests are required before drilling out from under all casing strings set and cemented in place.

   No aggressive/fresh hard-banded drill pipe shall be used within casing.

5. All shows of fresh water and minerals will be reported and protected. A sample will be taken of any water flows and a water analysis furnished the BLM, Vernal Field Office. All oil and gas shows will be adequately tested for commercial possibilities, reported, and protected.

6. No location will be constructed or moved, no well will be plugged, and no drilling or workover equipment will be removed from a well to be placed in a suspended status without prior approval of the BLM, Vernal Field Office. If operations are to be suspended for more than 30 days, prior approval of the BLM, Vernal Field Office must be obtained and notification given before resumption of operations.

7. Chronologic drilling progress reports must be filed directly with the BLM, Vernal Field Office on a weekly basis in sundry, letter format or e-mail to the Petroleum Engineers until the well is completed.

   Any change in the program must be approved by the BLM, Vernal Field Office. "Sundry Notices and Reports on Wells" (Form BLM 3160-5) must be filed for all changes of plans and other operations in accordance with 43 CFR 3162.3-2.

   Emergency approval may be obtained orally, but such approval does not waive the written report requirement. Any additional construction, reconstruction, or alterations of facilities, including roads, gathering lines, batteries, etc., which will result in the disturbance of new ground, will require the filing of a suitable plan pursuant to Onshore Oil & Gas Order No. 1 of 43 CFR 3164.1 and prior approval by the BLM, Vernal Field Office.

   In accordance with 43 CFR 3162.4-3, this well must be reported on the "Monthly Report of Operations" (Oil and Gas Operations Report ((OGOR)) starting with the month in which operations commence and continue each month until the well is physically plugged and abandoned. This report shall be filed in duplicate, directly with the Minerals Management Service, P.O. Box 17110, Denver, Colorado 80217-0110, or call 1-800-525-7922 (303) 231-3650 for reporting information.

8. Whether the well is completed as a dry hole or as a producer, "Well Completion and Recompletion Report and Log" (BLM Form 3160-4) will be submitted not later than 30 days after completion of the well or after completion of operations being performed, in accordance with 43 CFR 3162.4-1. Two copies of all logs run, core descriptions, and all other surveys or data obtained and compiled during the drilling, workover, and/or completion operations, will be filed on BLM Form 3160-4. Submit with the well completion report a geologic report including, at a minimum, formation tops, and a summary and conclusions. Also include deviation surveys, sample descriptions, strip logs, core data, drill stem test data, and results of production tests if performed. Samples (cuttings, fluid, and/or gas) will be submitted only when requested by the BLM, Vernal Field Office.

   Please submit an electronic copy of all logs run on this well in LAS format to UT_VN_Welllogs@BLM.gov. This submission will supersede the requirement for submittal of paper logs to the BLM. The cement bond log must be submitted in raster format (TIF, PDF other).

9. All off-lease storage, off-lease measurement, or commingling on-lease or off-lease will have prior written approval from the BLM, Vernal Field Office.

   All measurement points shall be identified as point of sales or allocation for royalty determination prior to the installation of facilities.

10. Oil and gas meters will be calibrated in place prior to any deliveries. The Field Office Petroleum Engineers will be provided with a date and time for the initial meter calibration and all future meter proving schedules. A copy of the meter calibration reports will be submitted to the BLM, Vernal Field Office. All measurement facilities will conform to the API standards for liquid hydrocarbons and the AGA standards for natural gas measurement.

11. A schematic facilities diagram as required by Onshore Oil & Gas Order No. 3 shall be submitted to the BLM, Vernal Field Office within 30 days of installation or first production, whichever occurs first. All site security regulations as specified in Onshore Oil & Gas Order No. 3 shall be adhered to. All product lines entering and leaving hydrocarbon storage tanks will be effectively sealed in accordance with Onshore Oil & Gas Order No. 3.

12. This APD is approved subject to the requirement that, should the well be successfully completed for production, the BLM, Vernal Field office must be notified when it is placed in a producing status. Such notification will be by written communication and must be received in this office by not later than the fifth business day following the date on which the well is placed on production. The notification shall provide, as a minimum, the following informational items:

    a. Operator name, address, and telephone number.

    b. Well name and number.

    c. Well location (¼¼, Sec., Twn, Rng, and P.M.).

    d. Date well was placed in a producing status (date of first production for which royalty will be paid).

    e. The nature of the well's production, (i.e., crude oil, or crude oil and casing head gas, or natural gas and entrained liquid hydrocarbons).

    f. The Federal or Indian lease prefix and number on which the well is located; otherwise the non-Federal or non-Indian land category, i.e., State or private.

    g. Unit agreement and / or participating area name and number, if applicable.

    h. Communitization agreement number, if applicable.

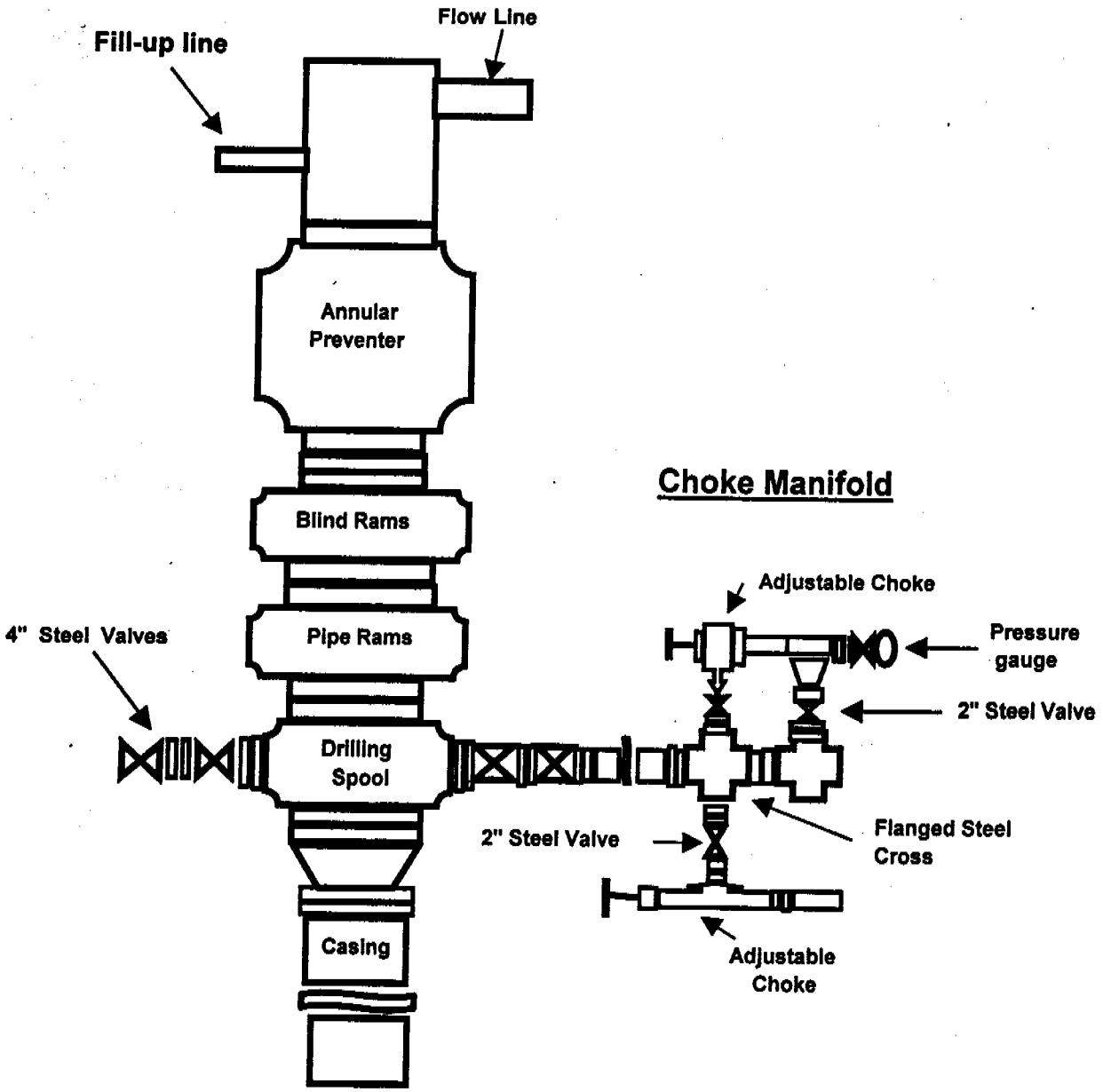
13. Any venting or flaring of gas will be done in accordance with Notice to Lessees (NTL) 4A and needs prior approval from Field Office Petroleum Engineers.

14. All undesirable events (fires, accidents, blowouts, spills, discharges) as specified in NTL 3A will be reported to the BLM, Vernal Field Office. Major events as defined in NTL3A, will be reported verbally within 24 hours, followed by a written report within 15 days. "Other than Major Events" will be reported in writing within 15 days. "Minor Events" will be reported on the Monthly Report of Operations and Production

15. Pursuant to Onshore Oil & Gas Order No. 7, this is authorization for pit disposal of water produced from this well for a period of 90 days from the date of initial production. A permanent disposal method must be approved by this office and in operation prior to the end of this 90-day period. In order to meet this deadline, an application for the proposed permanent disposal method shall be submitted along with any necessary water analyses, as soon as possible, but no later than 45 days after the date of first production. Any method of disposal which has not been approved prior to the end of the authorized 90-day period will be considered as an Incident of Noncompliance and will be grounds for issuing a shut-in order until an acceptable manner for disposing of said water is provided and approved by this office.

16. Unless the plugging is to take place immediately upon receipt of oral approval, the Field Office Petroleum Engineers must be notified at least 24 hours in advance of the plugging of the well, in order that a representative may witness plugging operations. If a well is suspended or abandoned, all pits must be fenced immediately until they are backfilled. The "Subsequent Report of Abandonment" (Form BLM 3160-5) must be submitted within 30 days after the actual plugging of the well bore, showing location of plugs, amount of cement in each, and amount of casing left in hole, and the current status of the surface restoration.

Exhibit C



BOP and Manifold

Specificatons meet 43 CFR, Parts 3160
Design Series 600, 2000 psi rating

WORKSHEET
APPLICATION FOR PERMIT TO DRILL

APD RECEIVED: 11/13/2006

API NO. ASSIGNED: 43-047-38864

WELL NAME: FEDERAL 15-7-10-18
OPERATOR: PENDRAGON ENERGY (N2965)
CONTACT: JAMES P ROONEY JR

PHONE NUMBER: 303-296-9402

PROPOSED LOCATION:
SWSE 07 100S 180E
SURFACE: 0835 FSL 1897 FEL
BOTTOM: 0835 FSL 1897 FEL
COUNTY: UINTAH
LATITUDE: 39.95346 LONGITUDE: -109.9328
UTM SURF EASTINGS: 591162 NORTHINGS: 4422926
FIELD NAME: UTELAND BUTTE (695)

INSPECT LOCATN BY: / /

Tech Review	Initials	Date
Engineering		
Geology		
Surface		

LEASE TYPE: 1 - Federal
LEASE NUMBER: U75088
SURFACE OWNER: 1 - Federal

PROPOSED FORMATION: GRRV
COALBED METHANE WELL? NO

RECEIVED AND/OR REVIEWED:

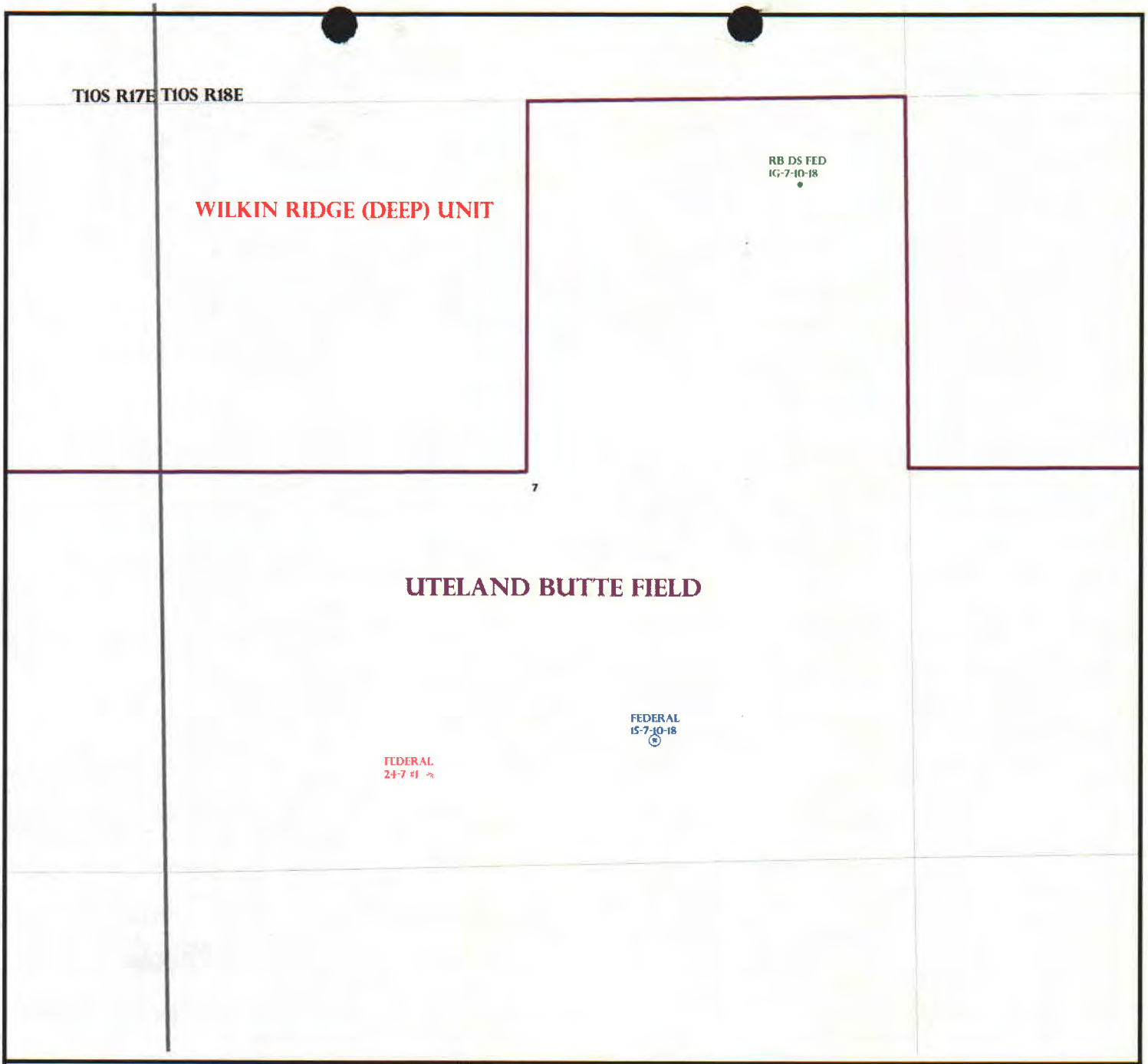
✓ Plat
✓ Bond: Fed[1] Ind[] Sta[] Fee[]
(No. RLB0001759)
N Potash (Y/N)
N Oil Shale 190-5 (B) or 190-3 or 190-13
✓ Water Permit
(No. 43-1721)
N RDCC Review (Y/N)
(Date:)
N/A Fee Surf Agreement (Y/N)
N/A Intent to Commingle (Y/N)

LOCATION AND SITING:

___ R649-2-3.
Unit: WILKIN RIDGE DEEP ← NON PA
✓ R649-3-2. General
Siting: 460 From Qtr/Qtr & 920' Between Wells
___ R649-3-3. Exception
___ Drilling Unit
Board Cause No:
Eff Date:
Siting:
___ R649-3-11. Directional Drill

COMMENTS:

STIPULATIONS: 1- Federal Approval
2- Spacing Slip



OPERATOR: PENDRAGON ENERGY (N 2963

SEC: 7 T.10S R. 18E

FIELD: UTELAND B UTTE(695)

COUNTY: UI NTAH

SPACING: R649-3-2 / GENERAL SITING

Field Status
- ABANDONED
- ACTIVE
- COMBINED
- INACTIVE
- PROPOSED
- STORAGE
- TERMINATED

Unit Status
- EXPL ORATORY
- GAS STORAGE
- NF PP OIL
- NF SECONDARY
- PENDING
- PI OIL
- PP GAS
- PP GEOTHERML
- PP OIL
- SECONDARY
- TERMINATED

Wells Status
- GAS INJE CTION
- GAS STORAGE
- LOCATION ABANDONED
- NEW LOCATION
- PLUGGED & ABANDONED
- PRODUCING GAS
- PRODUCING OIL
- SHUT-IN GAS
- SHUT-IN OIL
- TEMP. ABANDONED
- TEST WELL
- WATER INJECTION
- WATER SUPPLY
- WATER DISPOSAL
- DRILLING

Utah Oil Gas and Mining

N
W E
S

PREPARED BY: DIANA MASON
DATE: 21-NOVEMBER-2006

JON M. HUNTSMAN, JR.
Governor

GARY R. HERBERT
Lieutenant Governor

State of Utah

Department of Natural Resources

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas & Mining

JOHN R. BAZA
Division Director

November 22, 2006

Pendrago Energy Partners, Inc.
621 17th St., #750
Denver, CO 80293

Re: Federal 15-7-10-18 Well, 835' FSL, 1897' FEL, SW SE, Sec. 7, T. 10 South, R. 18 East, Uintah County, Utah

Gentlemen:

Pursuant to the provisions and requirements of Utah Code Ann.§ 40-6-1 *et seq.*, Utah Administrative Code R649-3-1 *et seq.*, and the attached Conditions of Approval, approval to drill the referenced well is granted.

This approval shall expire one year from the above date unless substantial and continuous operation is underway, or a request for extension is made prior to the expiration date. The API identification number assigned to this well is 43-047-38864.

Sincerely,

Gil Hunt
Associate Director

pab
Enclosures

cc: Uintah County Assessor (via e-mail)
Bureau of Land Management, Vernal District Office

1594 West North Temple, Suite 1210, PO Box 145801, Salt Lake City, UT 84114-5801
telephone (801) 538-5340 • facsimile (801) 359-3940 • TTY (801) 538-7458 • *www.ogm.utah.gov*

Operator: Pendrago Energy Partners, Inc.

Well Name & Number Federal 15-7-10-18

API Number: 43-047-38864

Lease: U75088

Location: SW SE **Sec.** 7 **T.** 10 South **R.** 18 East

Conditions of Approval

1. General

   Compliance with the requirements of Utah Admin. R. 649-1 *et seq.*, the Oil and Gas Conservation General Rules, and the applicable terms and provisions of the approved Application for permit to drill.

2. Notification Requirements

   Notify the Division within 24 hours of spudding the well.

   - Contact Carol Daniels at (801) 538-5284.

   Notify the Division prior to commencing operations to plug and abandon the well.

   - Contact Dan Jarvis at (801) 538-5338

3. Reporting Requirements

   All required reports, forms and submittals will be promptly filed with the Division, including but not limited to the Entity Action Form (Form 6), Report of Water Encountered During Drilling (Form 7), Weekly Progress Reports for drilling and completion operations, and Sundry Notices and Reports on Wells requesting approval of change of plans or other operational actions.

4. State approval of this well does not supersede the required federal approval, which must be obtained prior to drilling.

5. This proposed well is located in an area for which drilling units (well spacing patterns) have not been established through an order of the Board of Oil, Gas and Mining (the "Board"). In order to avoid the possibility of waste or injury to correlative rights, the operator is requested, once the well has been drilled, completed, and has produced, to analyze geological and engineering data generated therefrom, as well as any similar data from surrounding areas if available. As soon as is practicable after completion of its analysis, and if the analysis suggests an area larger than the quarter-quarter section upon which the well is located is being drained, the operator is requested to seek an appropriate order from the Board establishing drilling and spacing units in conformance with such analysis by filing a Request for Agency Action with the Board.

Form 3160-5
(February 2005)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB No. 1004-0137
Expires: March 31, 2007

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.

SUBMIT IN TRIPLICATE – *Other instructions on page 2.*

1. Type of Well: ☑ Oil Well ☐ Gas Well ☐ Other	5. Lease Serial No.: U-75088
	6. If Indian, Allottee or Tribe Name: N/A
	7. If Unit of CA/Agreement, Name and/or No.: N/A
	8. Well Name and No.: FEDERAL 15-7-10-18
2. Name of Operator: PENDRAGON ENERGY PARTNERS INC.	9. API Well No.: 43-047-38864
3a. Address: 415 W WALL. SUITE 1411 MIDLAND, TX 79701 — 3b. Phone No. *(include area code)*: 914-337-8168	10. Field and Pool or Exploratory Area: UTELAND BUTTE
4. Location of Well *(Footage, Sec., T.,R.,M., or Survey Description)*: 1897' FEL, 835' FSL SWSE 7 10S 18E	11. Country or Parish, State: UINTAH

12. CHECK THE APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION			
☐ Notice of Intent	☐ Acidize	☐ Deepen	☐ Production (Start/Resume)	☐ Water Shut-Off
	☐ Alter Casing	☐ Fracture Treat	☐ Reclamation	☐ Well Integrity
☐ Subsequent Report	☐ Casing Repair	☐ New Construction	☐ Recomplete	☑ Other REQUEST ONE YEAR EXTENSION
	☐ Change Plans	☐ Plug and Abandon	☐ Temporarily Abandon	
☐ Final Abandonment Notice	☐ Convert to Injection	☐ Plug Back	☐ Water Disposal	

13. Describe Proposed or Completed Operation: Clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recomplete horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports must be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompletion in a new interval, a Form 3160-4 must be filed once testing has been completed. Final Abandonment Notices must be filed only after all requirements, including reclamation, have been completed and the operator has determined that the site is ready for final inspection.)

PENDRAGON ENERGY PARTNERS INC HEREBY REQUESTS A ONE YEAR EXTENSION TO DRILL THIS WELL.

RECEIVED
JUN – 4 2007
DIV OF OIL, GAS & MINING

CONDITIONS OF APPROVAL ATTACHED

RECEIVED
VERNAL FIELD OFFICE
2007 MAY -4 PM 3:31
DEPT. OF THE INTERIOR
BUREAU OF LAND MGMT.

14. I hereby certify that the foregoing is true and correct.
Name *(Printed/Typed)*: JAMES P. ROONEY, JR. — Title: PRESIDENT

Signature — Date: 04/30/2007

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by — Title: Petroleum Engineer — Date: MAY 14 2007

Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon. — Office

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

(Instructions on page 2)

UDOGM

CONDITIONS OF APPROVAL

Pendragon Energy Partners, Inc.

Notice of Intent
APD Extension

Lease: UTU-75088
Well: Federal 15-7-10-18
Location: SWSE Sec 7-T10S-R18E

An extension for the referenced APD is granted with the following conditions:

---

1. The extension and APD shall expire on 05/02/08

2. No other extension shall be granted.

If you have any other questions concerning this matter, please contact Matt Baker of this office at (435) 781-4490

JON M. HUNTSMAN, JR.
Governor
GARY R. HERBERT
Lieutenant Governor

State of Utah
DEPARTMENT OF NATURAL RESOURCES
MICHAEL R. STYLER
Executive Director
Division of Oil, Gas and Mining
JOHN R. BAZA
Division Director

February 15, 2008

Pendragon Energy Partners, Inc.
621 17th Street #750
Denver, CO 80293

Re: APD Rescinded – Federal 15-7-10-18, Sec. 7, T. 10S, R. 18E
Uintah County, Utah API No. 43-047-38864

Gentlemen:

The Application for Permit to Drill (APD) for the subject well was approved by the Division of Oil, Gas and Mining (Division) on November 22, 2006. No drilling activity at these locations has been reported to the division. Therefore, approval to drill these wells is hereby rescinded, effective February 15, 2008.

A new APD must be filed with this office for approval prior to the commencement of any future work on the subject locations.

If any previously unreported operations have been performed on this well location, it is imperative that you notify the Division immediately.

Sincerely,

Diana Mason
Environmental Scientist

cc: Well File
Bureau of Land Management, Vernal

1594 West North Temple, Suite 1210, PO Box 145801, Salt Lake City, UT 84114-5801
telephone (801) 538-5340 • facsimile (801) 359-3940 • TTY (801) 538-7458 • *www.ogm.utah.gov*

UTAH DNR OIL, GAS & MINING

United States Department of the Interior

BUREAU OF LAND MANAGEMENT
Vernal Field Office
170 South 500 East
Vernal, UT 84078
(435) 781-4400 Fax: (435) 781-4410
http://www.blm.gov/ut/st/en/fo/vernal/html

TAKE PRIDE® IN AMERICA

IN REPLY REFER TO:
3160
UT08300

May 5, 2008

43-047-38864

James P. Rooney, Jr.
Pendragon Energy Partners, Inc.
415 West Wall Street, Suite 1411
Midland, TX 79701

Re: Notice of Expiration
Well No. Federal 15-7-10-18
SWSE, Sec. 7, T10S, R18E
Uintah County, Utah
Lease No. UTU-75088

Dear Mr. Rooney:

The Application for Permit to Drill the above-referenced well was approved on May 2, 2006. A one (1) year extension of the original APD was requested. The request was reviewed and the extension approved until May 2, 2008. According to our records, no known activity has transpired at the approved location. In view of the foregoing, this office is notifying you that the approval of the referenced application has expired. If you intend to drill at this location in the future, a new Application for Permit to Drill must be submitted.

This office requires a letter confirming that no surface disturbance has been made for this drill site. Any surface disturbance associated with the approved location of this well is to be rehabilitated. A schedule for this rehabilitation must be submitted to this office. Your cooperation in this matter is appreciated.

If you have any questions regarding this matter, please contact me at (435) 781-4455.

Sincerely,

Cindy Severson

Cindy Severson
Land Law Examiner

cc: UDOGM – Diana Mason

RECEIVED
MAY 08 2008
DIV. OF OIL, GAS & MINING